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## U.S. Says Fate of Hostages May Be Decided Soon

By Bernard Gwertzman  
New York Times Service

WASHINGTON — Senior Reagan administration officials have said that they are confident the United States is now in contact through an intermediary with the captors of at least four Americans in Lebanon. They said the fate of the hostages might be decided in the next few days.

They said Tuesday that as a result of talks in London on Monday between American officials and Terry Waite, the special envoy of the Archbishop of Canterbury, Washington had no doubt that Mr. Waite had met last week with the kidnappers of four of six Americans who have been abducted in Beirut and not released.

Mr. Waite, who has also had talks with British and French officials, returned Tuesday to Beirut.

In the London meeting, the American officials relayed to Mr. Waite the administration's views on resolving the problem while reaffirming the U.S. refusal to agree to the captors' principal demand, that the United States press Kuwait to free 17 Moslems convicted of bombings in Kuwait in December 1983.

A official said the American team in London was led by Parker W. Borg, the principal deputy director of the State Department's Office for Counterterrorism and Emergency Planning.

There has been no official confirmation of this because the administration has decided to say as little as possible about the situation

in the hope of making Mr. Waite's talks with the abductors easier.

"We think it all may gel in a few days," an official said. But he said officials did not know whether there would be a breakthrough or whether the captors might take some drastic action.

This was the most solid contact the United States has had with the kidnappers, two officials said individually.

Mr. Waite, to make sure he was dealing with the kidnappers, asked them questions that could be answered only by the captives, and the answers he received were correct, American officials said.

The group holding the Americans has identified itself as the Islamic Jihad, but American officials have said the motivations for the kidnappings were primarily family, not political.

They said they believed the kidnappers were for the most part from the Malawi clan of the Baalbek area in the Bekaa, Lebanon's eastern valley. One of the clan members is among those convicted in Kuwait for the bombings at the American and French embassies that killed five persons and wounded 50.

Mr. Waite, who has been successful on missions in Libya and Lebanon, became involved after the four American captives wrote the Archbishop of Canterbury, President Ronald Reagan and others to ask for help.

American officials said they assumed the captors would not have allowed the letter to be sent unless they wanted to end the kid-

napping. Two months ago the group freed the Reverend Benjamin Weir, a Protestant missionary.

The four are the Reverend Lawrence Martin Jenko, who had been head of Catholic Relief Services in Beirut; David P. Jacobson, director of the American University hospital of Beirut; Terry A. Anderson, Middle East correspondent for The Associated Press; and Thomas M. Sutherland, acting dean of agriculture at the American University.

Two other Americans are also listed as having been kidnapped. Islamic Jihad claimed last month that it had killed one of them, William Buckley, a U.S. Embassy officer. A sixth hostage, Peter Kilburn, a librarian at the American University, has not been heard from.

### Waite Drops out of Sight

Mr. Waite dropped out of sight Wednesday as he resumed a freedom mission the hostages, Reuters reported in Beirut.

Mr. Waite's whereabouts and that of a two-member French mission who arrived with him from Paris were not known, but the British envoy was assumed to be trying to resume contact to pass on the message to the kidnappers.

Mr. Waite hinted Tuesday that he was optimistic about his mission and asked journalists to let him work in secrecy.

He said the time was ripe for "a major move forward" and appealed for the release of all hostages in Lebanon, including four Frenchmen, a Briton and an Italian.



Terry Waite surrounded by guards and militiamen on arrival in Beirut.

## WORLD BRIEFS

### Loyalists Attack U.K. Aide in Belfast

BELFAST (UPI) — Dozens of Protestant militants attacked the secretary of state for Northern Ireland, Tom King, on Wednesday and trapped him briefly in the city hall, witnesses said.

They said Protestant Loyalists protesting the British-Irish accord attacked his car with eggs as it drove into the courtyard of Belfast City Hall and then jostled him as he got out and ran into the building.

Fighting broke out between the crowd and Mr. King's bodyguards as he was bundled to safety. He was not believed injured.

### Athens School Reopens After Rioting

ATHENS (Reuters) — Athens Polytechnic, where leftist youths ended their occupation Tuesday night after barricading themselves in the school Monday night, reopened Wednesday as city authorities assessed damage from the most serious rioting in Athens since the Socialists came to power in 1981.

The state-run radio said damage in central Athens, where the youths smashed windows, lit fires and threw firebombs, was likely to total 800 million drachmas (\$5.6 million). Sources at Polytechnic said no figure was available for damages there, but the estimate was expected to exceed \$700,000.

The rioting was triggered by the death of a 15-year-old boy; he was killed by police bullets during street clashes Sunday. Athanasios Belistas, the policeman who was charged Tuesday with manslaughter in the death of Mihailis Kaltezas, told the prosecutor he had fired in self-defense, according to judicial sources.

### 2 Koreas Meet, Fail to Make Progress

TOKYO (WP) — Delegates from North and South Korea met for almost three hours Wednesday in the Korean Demilitarized Zone to discuss economic cooperation but adjourned without reaching any agreement, South Korean officials said.

The chief South Korean delegate, Kim Ki Hwan, proposed a barter deal in which the North would provide 300,000 tons of anthracite coal in return for iron products. The North did not respond, according to the South Koreans.

The two sides have agreed in principle to set up a joint commission to re-open economic links, which were suspended shortly before the Korean War broke out in 1950, but have become bogged down over details such as means of payment and the commission's responsibilities. The two sides agreed to meet again Jan. 22, 1986.

### Bonner to Leave Soviet Union Dec. 2

NEWTON, Massachusetts (AP)

The wife of Andrei D. Sakharov, the Soviet dissident, told relatives in a phone call Wednesday that she would fly to Rome for an eye examination Dec. 2 and then to Boston for heart surgery.

Speaking from the Soviet city of Gorki, where the couple is in internal exile, Yelena G. Bonner, 62, said she had signed a contract not to talk with reporters while on a three-month medical visa. "If she breaks the promise, she risks that she won't be allowed to return," said Efrem Yankelevich, husband of Mrs. Bonner's daughter Tatiana.

The Yankeleviches also spoke with Mr. Sakharov, 64, who staged a six-month hunger strike to gain permission for his wife to seek medical treatment in the West. They said that after learning the visa had been granted, Mr. Sakharov rescinded his resignation from the Academy of Science.

### Beijing Rejects Trade Ties With Hanoi

BEIJING (Reuters) — China ruled out Wednesday a resumption of trade ties with Vietnam. A senior Vietnamese official visiting China had suggested an improvement in relations.

China and Vietnam have no trade relations now, nor is the condition available for the resumption of trade, a Foreign Ministry spokesman said at a news conference. The Beijing spokesman was commenting on a statement by Phan Anh, former foreign minister of Vietnam, who said that the two countries could improve their relations, starting with trade.

The Vietnamese official is heading Hanoi's delegation to an Asia-Pacific trade fair in Beijing. He is the highest-level Vietnamese official to visit China since the two countries went to war in 1978 and 1979 over Vietnam's invasion of Cambodia to topple the Khmer Rouge government.

### Hurricane Heads Into Gulf of Mexico

MIAMI (AP) — The hurricane designated Kate headed into the Gulf of Mexico on Wednesday, forcing the fourth evacuation this year of thousands of offshore oil workers. Earlier, it struck Cuba and the Florida Keys with winds up to 115 mph (about 185 kph) and nine-foot (about three-meter) waves. Ten persons in Cuba reportedly were killed Tuesday by the storm.

A hurricane watch was posted from the Florida Panhandle to Louisiana, which has been struck by three hurricanes this year. The storm struck Havana two hours earlier than expected Tuesday, forcing the evacuation of 300,000 Cubans and knocking out phones, electricity, television transmission and natural gas lines, according to Prensa Latina, the Cuban news agency.

Power lines and tree limbs snapped and tides flooded roadways throughout the Keys, the 100-mile chain of islands off Florida's tip. No injuries were reported in the United States from the hurricane.

### For the Record

Eighteen persons died, including the leader of the outlawed Pan Malaysian Islamic Party, as violence erupted Tuesday in the Malaysian state of Kedah when police tried to arrest the party chief, the government reported.

Fighting between the Zulu and Pondo tribes near Durban killed 11 persons, South African police said Wednesday. The fighting was not related to recent political disturbances in the country.

A man was arrested on suspicion of stealing military documents during a police raid Tuesday on the offices of an anti-militarist organization in Utrecht, the Netherlands, a police spokesman confirmed Wednesday.

An Israeli official said Wednesday that Syria may have provoked an aerial dogfight with Israel to turn the attention of the U.S. and Soviet leaders meeting in Geneva to the Middle East. Israel shot down two planes Tuesday over Syrian airspace near the Lebanon border. (UPI)

## France Approves 3 New TV Channels, Including 2 With Foreign Backing

By Axel Krause  
International Herald Tribune

PARIS — President Francois Mitterrand, fulfilling a promise to partly privatize France's state-controlled television system, has approved the establishment of three new television channels.

Two will have foreign backing, including one that will beam programs in English, government spokesmen said Wednesday.

Georges Fillioud, state secretary for communication, described Mr. Mitterrand's decision as "a reflection of our will to diversify and internationalize our television. The goal is it should be European, rather than American."

Mr. Fillioud and other government officials said that by the end

of next year the following channels would be established:

• A fifth channel that is expected to begin operating by Feb. 20. It will compete directly with the three state-controlled channels and with Canal Plus, the government-backed pay television channel.

Revenues will be generated mainly by advertising spots during programs and films, a practice not now permitted. Financial and management control will be in the hands of Jérôme Seydoux, 51, a banker, who is also chairman of the Chargeurs Réunis transportation holding company.

Mr. Seydoux, who is expected to announce details of the plan at a news conference Friday, will share ownership with Silvio Berlusconi, an Italian businessman. Mr. Berlusconi introduced commercial television to Italy, which has been widely described as brash and American-style.

Mr. Berlusconi's Fininvest holding company is expected to have a 40-percent share in the new French channel. Mr. Seydoux and other French interests will control 60 percent of the shares.

• A sixth channel, which will include transmission of programs in English from a four-channel television satellite to be launched next year.

The concession agreement was signed Monday with a group headed by Robert Maxwell, a British publisher. Mr. Maxwell said in a phone call Wednesday that the channel, which will be privately owned and financed by advertising, will beam to other European countries.

• A seventh channel that officials described as cultural. State-controlled and also beamed by satellite, it will be directed at France and neighboring countries. It will be operated by FR-3, one of the three state television channels, Radio France and the National Audiovisual Institute.

The decision provoked vehement opposition from conservative political leaders and from publishing and film interests.

Some sources said they feared that it could lead to "a flood of shabby, U.S.-style soap opera" programs.

Others said the new channels could drain off advertising revenues from French newspapers, magazines, commercial radio stations and movie theaters.

The main target of the attacks was the Seydoux-Berlusconi channel, which many said would lead to what an official described as "the mediocre-style television that Mr. Berlusconi has become famous for in Italy."

Conservative opposition leaders said that an equally attractive proposition had been made, by a competing consortium headed by Compagnie Luxembourgeoise de Télévision, a Luxembourg-based radio and television association, which had teamed up with Rupert Murdoch, the Australian press magnate.

But what a government spokesman described as the "high quality of French television" will be guaranteed by Mr. Seydoux and by Christophe Riboud, another French business executive who will also participate in owning and operating the channel.

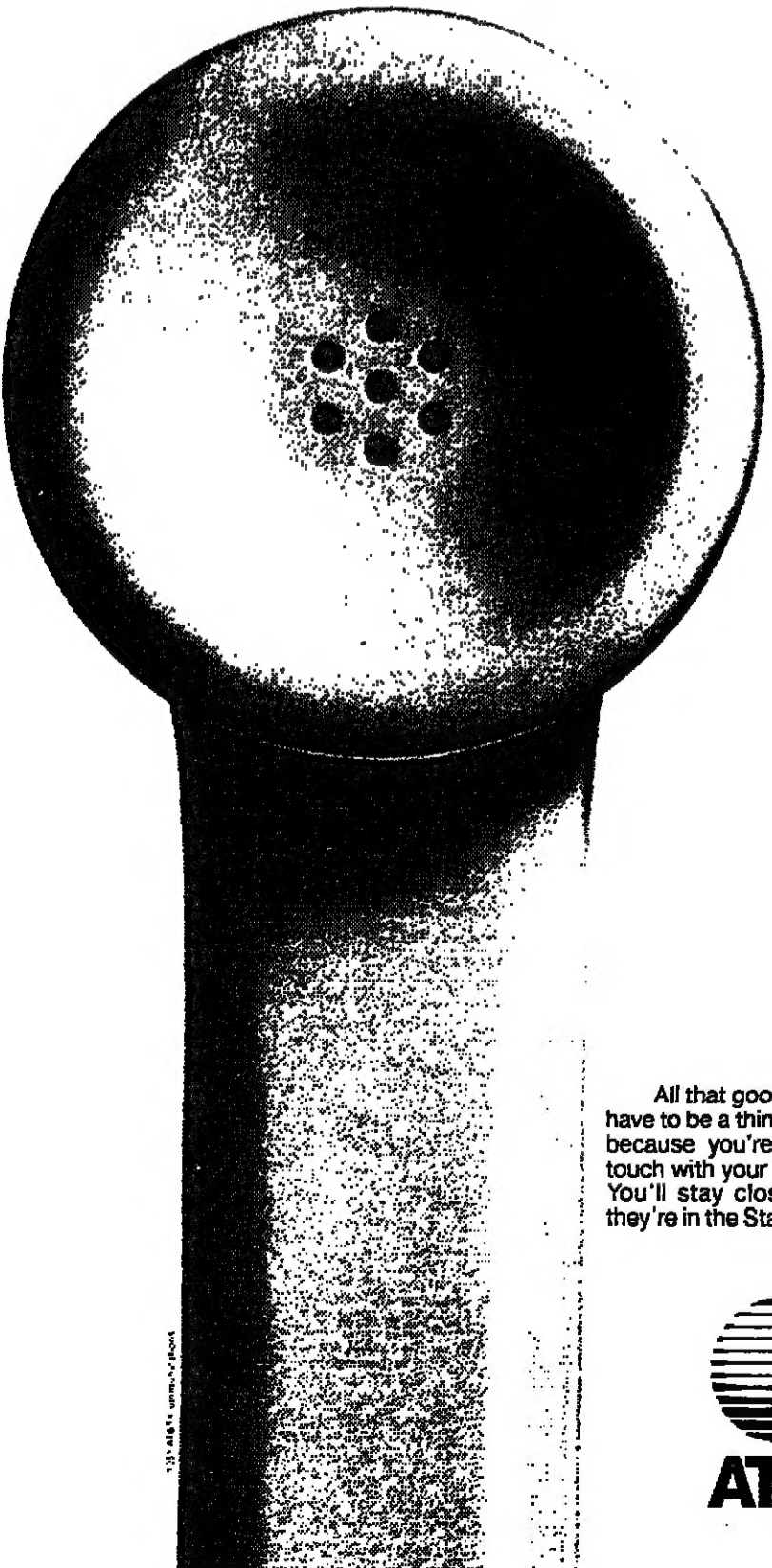
Mr. Berlusconi's role will be to provide "savoir faire," an official said. That will involve his "providing us with experience that we might not have had otherwise, but everything will definitely remain in French control."

The official added that the competing offer by the Luxembourg consortium had "never been presented formally, nor seriously, and we had to act on the basis of what we had before us."

Jacques Chirac, mayor of Paris and the neo-Gaullist opposition leader, said Wednesday in the National Assembly that if a new conservative government were elected in parliamentary elections March 16, it might revoke the new licenses.

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### Avoid Khartoum, U.S. Is Advising

Reuters

KHARTOUM, Sudan — The U.S. State Department has advised American citizens to avoid the Sudanese capital because of the presence of "known terrorists" in the city, a statement from the U.S. Embassy said.

The statement said the warning was based on a "travel advisory" issued by the State Department which took effect from Wednesday. It said there was a possible threat to U.S. interests in Khartoum, but gave no other details.

Western diplomats said the advice was clearly based on U.S. concern at the arrival in Khartoum of certain Libyans since the overthrow of President Gafar Nimeiri in April. The transitional government in Khartoum has improved relations with Tripoli and allowed the Revolutionary Committees Movement, the ideological wing of the Libyan government, to open an office in the city.

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## WORLD BRIEFS

Attack U.A. Aide in Beirut

Newspapers After Riots

Newspapers After Riots

Newspapers After Riots

Newspapers After Riots

Newspapers After Riots

Newspapers After Riots

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Asian students at the University of California in Berkeley.

## At Berkeley, University Takes on an Oriental Aura

By Jay Mathews  
Washington Post Service

BERKELEY, California—With the usual salad of Jello and cottage cheese, the student dining halls now serve stir-fried beef, egg rolls, sesame chicken and steamed rice. In some sections of the electrical engineering department, the instructor may lapse into Chinese without anyone losing the thread.

In this huge university, still a symbol for what is best about American public education, the transformation has come too quickly for the full impact to be evident, but Berkeley and other campuses of the University of California have become key training grounds for a rapidly growing Asian-American elite.

This month, in the aftermath of a bitter controversy over alleged discrimination against applicants of Asian descent, Berkeley announced that it again had admitted more of them than had any other major American university—at least 27 percent of the freshman class.

For the first time at Berkeley, and apparently at any American campus of similar size

and reputation, Caucasians who are not Hispanic are a minority in the freshman class, 47.9 percent.

Ethnic Asians, principally students whose families immigrated from China, the Philippines, Korea, Japan and Vietnam, are the second-largest identifiable ethnic group at the largest university system in the West.

They appear destined to populate the upper levels of American science, business, government and education in the next century in proportions far beyond previous expectations or their percentage of the population.

Statistics have become commonplace on social and academic achievements of Asian-Americans, who on average outperform all other ethnic groups in mathematics tests, high school graduation rates and family income.

But the changed atmosphere at this hilly campus, where teriyaki-chicken vendors have replaced the 1960s antiwar protesters on Telegraph Avenue, shows that a remarkable increase in their numbers has raised the visibility of their individual achievements.

Some departments report that students are

working harder, some dormitories are quieter, admissions policies are being closely examined, and some English instructors are grinding their teeth, all as the result of this huge influx of students whose families have crossed the Pacific in the last 20 years.

For years, American scholars and social critics have written about difficulties encountered by new Asian and Hispanic immigrants in absorbing U.S. culture and joining the American mainstream. But the scene at Berkeley, and at several other crucial junctions of American life, suggests that they actually are changing America, in effect creating a new mainstream.

Analysis specializing in the Asian-American community are watching to see whether the emerging students will alter the habits of the boardroom and factory as much as they have influenced the face of this university.

Many educators and Asian-American leaders here believe that the transformation is likely to provide a subtle but severe test of lingering racism among white, black and Hispanic Americans.

Despite one's achievements and, in some cases, generations of American roots, "you're really not entirely part of America because of your appearance," said Munson A. Kwok, a Chinese-American who is a laser researcher and amateur historian.

Of Berkeley's 22,321 undergraduates, 24.7 percent are ethnic Asian, not including 300 foreign exchange students from Asia.

The first survey of ethnic Asian students at Berkeley in 1966 found that they comprised less than 6 percent of the student body.

Many Berkeley professors say the increase in ethnic Asians has accelerated students' recent tendency to choose courses that will make them "marketable." The pressure is not only self-imposed but also parental, and is magnified for Asians by the enormous importance of family ties.

"The parents have a limited perception of what the job market is out there," said Ling-chi Wang, a professor of Asian-American studies. "So they think engineers, or lawyers, or doctors, or what their children should be, when in fact not all of them would do well in such fields."

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## House Group Asks Longer Write-Offs, End to U.S. Investment Tax Credit

By David E. Rosenbaum  
New York Times Service

WASHINGTON—A working group of the House Ways and Means Committee has voted to abolish the investment tax credit and to lengthen the amount of time over which companies can write off their investments in plants and machinery.

Many industries have used the investment credit and the rapid depreciation features of the 1981 tax law to reduce their tax liabilities significantly.

Tuesday's decisions mean businesses would have to pay about \$150 billion more in taxes over the next five years than they would under the current laws, according to estimates by the committee staff.

The full Ways and Means Committee began voting on the six-member bipartisan group's proposals on Tuesday night. So far the committee has adopted recommendations of such groups without change.

President Ronald Reagan proposed ending the investment credit, but he offered depreciation schedules more favorable to business than those the working group approved.

The group rejected Mr. Reagan's proposal to require taxpayers who

took advantage of the rapid depreciation rules of the 1981 law to repay part of their benefits over the next three years.

The full committee approved reducing to 20 percent, from 25 percent, the tax credit that businesses can claim for research and development expenses. The president had proposed extending the full 25 percent credit.

The committee also voted to continue to allow taxpayers to deduct all their interest payments on mortgages on second homes and to retain many other tax advantages now enjoyed by real estate investors. Among these are the ability to deduct losses on the full value of their real estate, including the amount they have borrowed.

Those proposals and others recommended Monday by another working group were approved without change.

President Reagan had proposed that only interest paid on primary residences be fully deductible.

Expansion of the investment tax credit and accelerated write-offs of investment expenses were cornerstones of the Reagan administration's economic policy enacted in 1981. But most economists, including those in the administration, say the incentives were too generous

and many profitable companies wound up owing little or no tax.

Depreciation deductions are intended to account for the fact that businesses purchase in one year machinery and other equipment that they use for many years. Eventually, however, the equipment wears out and must be replaced.

Businesses want to take the write-offs as quickly as possible. Real estate investments would be hardest hit by the longer depreciation schedules: 30 years for buildings instead of 18. In some instances, that would offset steps taken by the panel to continue to allow many elements of real estate tax shelters.

Legislators have trouble setting depreciation rules because schedules must be set for hundreds of different items. The panel decided, for instance, to allow shops that rent taxicabs to write them off in three years (now it is seven years) and to let race horses be depreciated over five years.

Leaders of the House committee are attempting to push through a tax revision bill before the December break. The Senate will not act on taxes this year, but Senate leaders have promised to consider the issue in 1986 if the House sends them a bill this year.

## U.S. Looking Into Manila Corruption

(Continued from Page 1)

and then were absorbed by the government after they failed, according to State Department documents.

Although government corporations are subject to audit under the Philippine Constitution, more than half could not be audited last year, according to Philippine documents. Of the corporations that were audited, the majority were found to have significant problems, documents show.

Mrs. Marcos heads the Ministry of Human Settlements, a social welfare agency. Official U.S. reports have charged that U.S. aid to the ministry has been mismanaged, but the reports did not charge that monies were misappropriated or diverted. However, a federal grand jury is looking into what happened to tens of millions of dollars in military aid to the Philippines. Federal officials suspect that a relative and close friend of President Marcos may have wound up with some of the money, according to U.S. officials.

During the 1970s U.S. corporations spent millions of dollars in questionable payments while doing business in the Philippines. Some of those transactions involved Mr. Marcos, according to former U.S. officials.

Last summer, 56 of the 200 members of the Philippines National Assembly accused Mr. Marcos of graft and corruption and tried to remove him from office. Marcos supporters defeated the measure, saying it was unsubstantiated and motivated by "petty partisan intentions."

Opposition leaders said that corruption was one of two main issues in the coming election—the other human rights—and that they were going to refile impeachment charges based on new information.

The staff of the House Foreign Affairs Subcommittee on Asian and Pacific Affairs is taking a preliminary look at the opposition charges, but a subcommittee aide said it was difficult to trace personal holdings.

It is also difficult to keep track of the hundreds of Filipino corporations owned or controlled by the Marcos government.

No single Philippine government office keeps an up-to-date list of government corporations, even though they make up 50 percent of the government's total debt, according to a 1984 report titled Government-Owned and Controlled Corporations. The report, recently

made public in Manila by the Commission on Audit, identified 303 government corporations at the time.

Most of these refused to be audited by the commission despite a provision in the Philippine constitution calling for an audit, according to the report.

Of the 118 corporations that were audited, only 50 were given a clean bill of health. The 68 others were found to have "material exceptions" or other reservations.

The report listed Mrs. Marcos as being on the board of 31 corporations; in all but one case she was listed as chairman of the board. Of the 31 corporations only six received a clean bill of health.

The report said the audit of the National Food Authority found that \$125 million in inventory had not been reconciled with the accounting records, but offered no elaboration.

Last summer the United States held up about \$40 million in food aid until the authority relinquished its monopoly over the importation of wheat and flour.

After the aid was released, President Marcos wrote a letter to the head of the Philippine Central Bank asking that foreign exchange, necessary to pay for imports, be granted to only one group, according to U.S. and Philippine officials, including Reginald Velasco, the third secretary for economic affairs at the Philippines Embassy.

This request would have created, in effect, a private monopoly for a close associate of Mr. Marcos.

The request was rescinded, the officials said, after the United States held up an additional \$19

million in development aid and protested that the action would violate various agreements.

Many of the government corporations have been recently organized or have absorbed assets of recently failed companies.

One often cited example of a questionable government corporation involves the Construction and Development Corporation of the Philippines, one of the country's largest conglomerates.

First organized as a private corporation, it did most of its business with the government. In the early 1980s it developed financial problems, accumulating more than \$1 billion in debts.

Linda K. Richter, an associate professor of political science at Kansas State University, told Congress earlier this year that in 1983 the Philippine government secretly converted the debt into equity, in effect making the failing company a government corporation.

The cost of the takeover equalled 20 percent of the entire money supply for the Philippines, she said in prepared testimony before the Subcommittee on Asian and Pacific Affairs during hearings in March.

A 1984 State Department planning document noted that the Philippine government had taken over the assets of "over a hundred financially distressed establishments" and that "a good number of the firms seemed to enjoy special privileges from the government of the Philippines."

This month Senator Edward M. Kennedy, Democrat of Massachusetts, asked the General Accounting Office, the investigating arm of Congress, to look into reports of corruption involving U.S. aid to the Philippines.

## Truck in Washington Crashes Into Monument

United Press International

WASHINGTON—A man drove a tractor-trailer truck up a grassy hill, through a fence and over park benches and crashed into the Washington Monument on Wednesday. There were no injuries, the police said, and damages to the monument were estimated at \$2,000.

The driver, Garyow Brigham, 36, of Savage, Maryland, was "under an influence of some kind," perhaps drugs or alcohol, police said. They said the incident apparently was not an accident, and that Mr. Brigham would be charged with destruction of government property and traffic violations.



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## Amid Differing Accounts, González Affirms He Wants U.S. Troop Cuts

By Edward Schumacher  
New York Times Service

MADRID — Prime Minister Felipe González has affirmed that Spain will continue to press for a reduction in the number of U.S. troops stationed here.

The issue, which has figured in talks between Madrid and Washington, has grown more sensitive recently as Spanish and American officials have given different accounts of the talks. They also disagree on whether the talks constitute formal negotiations.

Mr. González, speaking in an hourlong interview Tuesday, suggested that American officials might not be clear about Spain's determination to seek the troop cuts.

"Unfortunately, there is a great deal of confusion" about the issue, he said, adding, "I regret it."

Mr. González said he made it clear in September to Vice President George Bush and Secretary of State George P. Shultz that Spain planned to seek reductions in the number of U.S. troops here, currently more than 12,500.

He added that Spain had also stressed in the technical-level talks that began here last month that the only reason Spain had not called for high-level formal talks, as it can

do under the 1953 troop treaty, was to keep things at a friendly level.

The troops are widely resented because they were introduced under Franco. The Americans say four U.S. naval and air bases and smaller communications outposts are critical to Western defense of Europe and the Mediterranean.

"Until now the United States has been using Spain territorially," Mr. González said, adding, "I will not tolerate things staying that way. The Spanish people have regained their sovereignty and any relations will be discussed in terms of Spanish defense needs."

"I don't want to make a decision by myself," he said. "That would have a positive impact for internal political consumption but a negative impact on United States relations, which I hope will be long-term, strict and friendly."

Mr. González declined to say how large a reduction in U.S. troops he wanted or which bases he might want to close, but he said his defense value has been reduced by Spain's entry into the North Atlantic Treaty Organization in 1982. He has scheduled a referendum early next year on whether Spain should remain in NATO, which he favors, and conservatives have charged that he is

using the troop cut as a carrot to help win the referendum.

Mr. González said the referendum would be held between Feb. 24 and March 24 and he expected to win, although with difficulty. He repeatedly sidestepped questions about whether he would pull Spain out of NATO if he lost. What he does will be "consistent with the decision of the people."

The interview with Mr. González, on the eve of the 10th anniversary of the death of Franco and Spain's return to democracy, took place in a room decorated with 19th-century tapestries of the Goya School and a gently chiming clock in Moncloa Palace, a leafy estate rebuilt by Franco after its destruction in the Spanish Civil War.

Mr. González, 43, who was harassed by the police under Franco, said he felt "nothing special" about the anniversary.

"In the last 10 years Spain has lived through the most important and peaceful revolution in its history," he said.

In January, Spain is scheduled to join the European Community, which he said "more than any other event in 150 years of Spanish history" changes Spain's place in the world by ending its social and political isolation.



**MEETING OF THE MINDS** — Archbishop Paul Reeves, left, was welcomed in Wellington with a traditional Maori greeting by Prime Minister David R. Lange. The Anglican bishop was installed Wednesday as New Zealand's first part-Maori governor-general.

## More White Enter Than Leave, Says Zimbabwe

By Jack Foisie  
International Herald Tribune

HARARE, Zimbabwe — An increasing number of whites who for South Africa after Zimbabwe came under black rule in 1980 seeking to return to the country government official has disclosed.

Justin Nyoka, director of Ministry of Information, said earlier that for the first time a whites were entering the country than were leaving and that many these people were Zimbabwe disgruntled with life in South Africa.

"The white people across border in South Africa want come here," Mr. Nyoka said.

Officials do not keep a bre down between arrivals of blacks and whites, so no specific number on the recent flow of immigrants from South Africa, England elsewhere are available. Other sources described the influx "small but steady" for the past several months.

The change of heart by whites willing to return and live under Zimbabwe government headed Prime Minister Robert Mugabe, former guerrilla leader, is attributed to the worsening racial turn in South Africa and the fear being caught in another war.

The surge may also be due to government deadline of Nov. 30 Zimbabweans holding dual citizenship to renounce one or the other. Most whites have British as well as Zimbabwean citizenship but have enjoyed equal rights in the country.

Many British passport holders say they are converting to Zimbabwean citizenship, fearing that noncitizens and whites they would be subject to some restrictions.

They apparently also believe they should decide to leave the country they would be able to gain British citizenship. There are about eight million black Zimbabweans, while the white population is believed to have declined from 250,000 in 1980 to about 100,000.

Black liberation forces are troops loyal to the white Rhodesian government of Prime Minister Ian Smith battled from 1972 to 1979 before negotiations under British auspices led to independence for the former British colony. Mr. Mugabe was elected Zimbabwe's first black prime minister.

Zimbabwe officials said that not all whites who went to South Africa were being allowed to return. Applicants are screened, and those who were prominently identified with the government or were members of the Rhodesian Army are being rejected, the officials said.

John Kelley, now in public relations in Harare, said he was "glad to be back."

"We tried England," he said. "Then we tried South Africa. We weren't happy in either place."

## UN Report Says Charges of Execution, Torture in Iran 'Cannot Be Dismissed'

By Michael J. Berlin  
Washington Post Service

UNITED NATIONS, New York — The first attempt by the United Nations to fully investigate human rights in Iran has concluded with an interim report saying that allegations of systematic executions and torture "cannot be dismissed as groundless" and called for continued monitoring.

The report, prepared for the General Assembly by Andres Aguilar of Venezuela, a special representative of the UN Human Rights Commission, was leaked by representatives of the Baha'i religious community Tuesday and will be issued officially next week.

Richard Fursland, a consultant to the Baha'i group, called the Aguilar report a whitewash that "will cut the feet out from under UN action to pressure Iran to limit rights violations."

Mr. Fursland served until recently as the British representative on the Human Rights Commission.

Mr. Fursland's view was echoed, in less emphatic terms, by a number of Western diplomats now drafting a UN resolution on Iranian violations. The assembly will have Iran and Afghanistan on its human rights agenda for the first time, in a debate to start next week.

Mr. Aguilar reported that Iran had not permitted him to enter and had not responded adequately to the allegations he cited. He did not draw any conclusion as to the truth of the charges, and expressed appreciation for Iranian cooperation.

The UN representative's job, said a diplomat, "is supposed to be to make conclusions on what may be true, and he was too cautious in saying nothing is proven."

Another member of the group drafting the resolution noted that

the evidence available, including documented cases by Amnesty International that were not in the Aguilar report, "is certainly enough to support stronger conclusions."

The diplomats, however, agreed that the report would serve as a basis on which the assembly could ask Iran for better cooperation in monitoring rights violations and could legitimize reconsideration of the issue at future UN sessions. They seemed satisfied that the pressure would remain on Tehran to moderate its internal repression.

Mr. Fursland noted that he helped draft the original resolution establishing Mr. Aguilar's mission and "the idea was a substantive report on what the Iranians were doing."

Now that the report makes a strong condemnatory resolution less politically feasible, he said, "Iran will see it as a green light to step up persecution of the Baha'is and others."

Representatives of the Baha'i faith, which originated in 19th-century Iran as an offshoot of Islam and now has about 300,000 adherents there, said that about 300 of their number have been executed.

In their response to Mr. Aguilar, Iran insisted that no one was prosecuted for belief in Bahaism, but said that membership in organizations that propagated an "overt campaign against Islam" could be considered a crime.

## Papuan Villagers Flee Volcano Lava

Reuters

PORT MORESBY, Papua New Guinea — About 360 villagers were evacuated as lava flowed down the slopes of Mount Ulawan volcano in Papua New Guinea, officials said Wednesday.

The flow was moving toward villages three miles (five kilometers) from the crater on the eastern side

of the volcano, an official of the country's emergency committee said. The volcano is on the island of West New Britain.

The volcano has been erupting continuously since Monday. But the emergency official said the lava flows were cooling and unless volcanic activity increased it should be safe for the villagers to return within a few days.

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THE GIN OF ENGLAND

## Sierra Leone Denies Role in Liberia Coup Attempt

By Kendall J. Wills  
New York Times Service

NEW YORK — Danda S. Karama, Sierra Leone's ambassador to the United States, has denied charges that his government had helped conspirators in an unsuccessful coup attempt in Liberia last week.

Mr. Karama said Tuesday that the accusations by the Liberian government "were based on nothing but untruths."

On Monday, Liberia recalled its ambassador to Sierra Leone, closed its border with the neighboring West African country and recalled the Liberian minister to the Mamu River Union, an economic association that includes Guinea, Liberia and Sierra Leone and that has headquarters in Freetown, Sierra Leone's capital.

Liberia has said the failed coup on Nov. 12 was organized by a former brigadier general, Thomas Quiwonkpa, who drew support from members of the opposition Liberia Action Party and recruits from Sierra Leone, Guinea and Cuba.

The Liberian leader, General Samuel K. Doe, said the "invasion" attempt started from Sierra

Leone. Cuba has also denied involvement.

Mr. Karama said, "My country is trying to maintain most friendly relations with Liberia, which is having internal problems. My government had nothing to do with this so-called invasion. If we had wanted to do it, it would have been done properly."

Mr. Quiwonkpa was captured and killed by security forces last Friday in Monrovia. About a dozen opposition politicians, including Ellen Johnson-Sirleaf and Jackson F. Doe, have been put under "protective custody," according to a spokesman for the Liberian Embassy in Washington. Jackson Doe is no relation to General Doe and who maintains that he defeated the head of state in presidential elections in October.

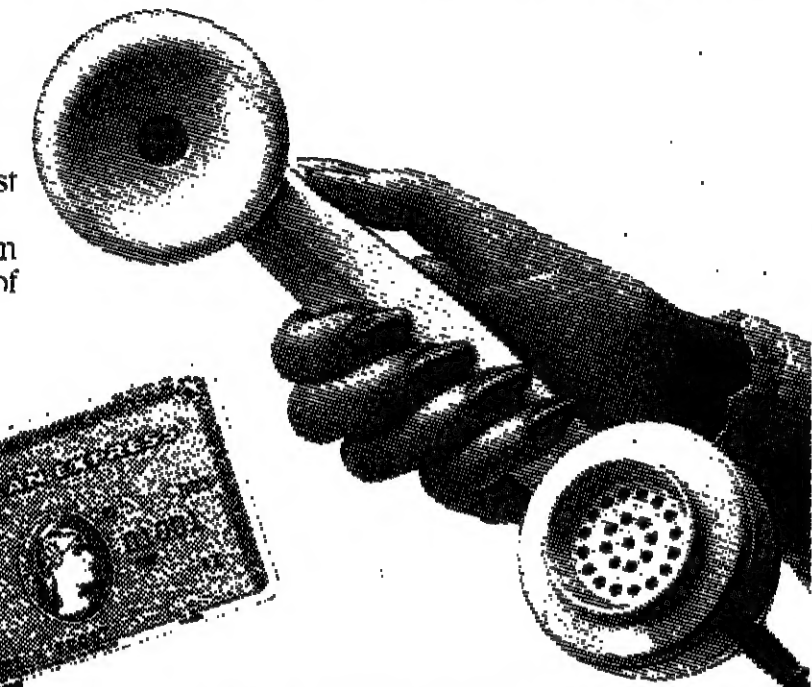
The State Department said Tuesday that Liberia's airport and ports had reopened for the first time since the unsuccessful coup and that fighting in the streets of Monrovia had stopped.

The abortive coup occurred after General Doe declared that he had won the election Oct. 15 with 50.9 percent of the vote. Opposition members say that Jackson Doe was the winner.

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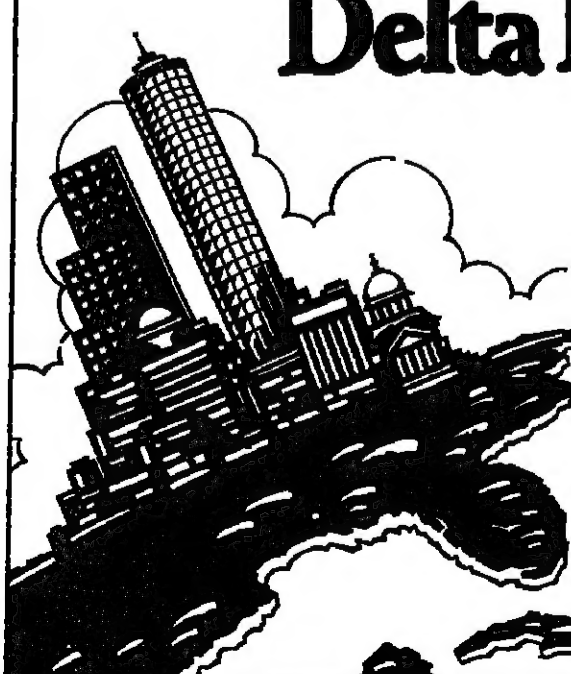
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# In News Blackout, Media Uncovers a Story Beneath the Surface

By Serge Schmemmann

New York Times Service

GENEVA — With U.S. and Soviet officials withholding substantive information on the summit conference, there has been time to clarify some other points.

Just before the first meeting began, for example, someone asked Mikhail S. Gorbachev what Andrei A. Gromyko had meant when he reportedly said that the Soviet leader had "a nice smile, but iron teeth."

"It hasn't been confirmed as of yet," Mr. Gorbachev shot back without missing a beat. "As of now, I'm still using my own teeth."

At a briefing by Larry Speakes, President Ronald Reagan's spokesman, the questions were even more personal.

"Gorbachev made reference to the fact that the president was not wearing a topcoat," came the question. "Was the president wearing Kennedy-style long underwear?"

"No, he wasn't," Mr. Speakes replied.

The theme of attire was pursued at the evening briefing, albeit on a less intimate basis. Possibly to preclude more such questions, Mr. Speakes volunteered that during their stroll to a pool house by the lake, Mr. Reagan wore a coat and a scarf, and Mr. Gorbachev wore a coat and a hat.

Soviet spokesmen were rather less thorough in their

briefings, and in fact seemed sensitive to questions that could be seen as provocative.

The persistent challenges on human rights from various activists at the daily briefing seemed to grate increasingly on the spokesmen.

At one point, Leonid M. Zamyatin, the chief Soviet

## REPORTER'S NOTEBOOK

spokesman, told an Israeli questioner: "I could look at what's going on with Arabs in your country. It's genocide."

But there were moments of levity at the Soviet briefings, too. Mr. Zamyatin ran into problems with the elaborate public address system at the International Conference Center.

Vladimir B. Lomeiko, the Foreign Ministry spokesman, said with a wry smile: "Here we have Western technology that is supposed to be so marvelous. It's the hardware that's letting us down."

But the chief Swiss technician at the center insisted that it was Mr. Zamyatin who caused the recurring problem by pushing the wrong buttons on his microphone.

If the official lid on news about the summit threw the 3,000 Western reporters into something of a frenzy, it had little effect on the official Soviet press.

Asked if the policy had put a crimp in Tass coverage of the meeting, Genadi A. Shishkin, the deputy chief of the press agency, broke into a hearty chuckle.

The reason was that Tass carries little beyond official statements, and Soviet reporters are spared the sort of frantic searches for exclusives and unofficial disclosures to which the bourgeois press is condemned.

Whatever anyone felt about the barrier to coverage, one indisputable fact was that it was legal.

A Paris-based group called Droit Contre Raison d'Etat — the name can be loosely translated as Law Against the Right of the State — had filed a lawsuit asking that the summit sessions be recorded and made public.

The group was founded last year to "sensitize public opinion to the legal issues of nuclear arms and the strategies and doctrines of nuclear deterrence."

Spokesmen said the purpose of the lawsuit was to "publicize the proceedings at the summit for all the people affected by its outcome."

The Swiss court acted with unusual dispatch on the suit, which was filed Nov. 12. Four days later, a Geneva court dismissed the case on technical grounds — namely that the plaintiffs had not given addresses for Mr. Gorbachev and Mr. Reagan.

The most tangible effect of the official information

quarantine seemed to be to deprive a host of U.S. officials of the constant meals, interviews and meetings they had been holding with reporters.

Or as Mr. Speakes put it: "In my judgment there will be no — there are no private meetings. The United States will not participate in any private meetings with the media."

As a result, senior U.S. officials tried to slip unnoticed through the corridors of the Inter-Continental Hotel, where most of the official Americans are staying.

Paul H. Nitze, the president's senior arms control adviser, and Arthur A. Hartman, the U.S. ambassador to Moscow, were spotted trying to evade a gaggle of reporters. One turned and asked Mr. Nitze whether he planned to work late after dinner. "That's for me to know and you to find out," Mr. Nitze shot back.

One reporter who seemed to be having no problem with access was the president's son, Ronald, who was accredited to the summit meeting for Playboy magazine.

According to Mr. Speakes, the president's son had asked to be at the first summit session at the Chateau de Fleur d'Eau "to be a part of history," not as a writer.

Mr. Speakes said the president's son had asked, "Are you ready, Dad?" and the president had replied, "Absolutely."

## Leaders' Wives Pledge To Help Seek Peace

United Press International

GENEVA — Nancy Reagan and Raisa M. Gorbachev met Wednesday for a tea at the Soviet mission and the Soviet first lady said the two would "do all we can do" to help seek peace.

Despite snow flurries, Mrs. Gorbachev wore no coat as she greeted Mrs. Reagan outside the door of the Villa Rosa in the Soviet compound, the Gorbachevs' residence in Geneva during the summit meeting.

Earlier in the day the women appeared together to lay a cornerstone for the new Museum of the International Red Cross. They sealed in a time capsule a three-language message expressing "hopes that this museum will contribute to the understanding and strengthening of the Red Cross and 'inspire future generations all around the world to seek peace and harmony for mankind.'"

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Raisa M. Gorbachev, right, and Nancy Reagan putting a joint peace message into a time capsule Wednesday at the new Museum of the International Red Cross in Geneva.

## Geneva Summit Privacy May Have Broken Ice

(Continued from Page 1)

first step for any accommodation on the crucial issue of space weapons, in view of the fact that no compromise had been worked out on this point in the months of diplomacy leading up to Tuesday's talks.

The news blackout, which came as a surprise to most of the press and to many officials on both sides, was the work of Secretary of State George P. Shultz, who used the same device during his successful Jan. 7-8 talks in Geneva with the then Soviet foreign minister, Andrei A. Gromyko, that restarted arms talks.

Secrecy during the course of diplomatic negotiations is not unusual, but Mr. Shultz is believed to have adapted his January procedure from U.S. labor negotiations, at

which he had previously demonstrated achievement as a private mediator and as secretary of labor.

A typical negotiating tactic of the Russians, like some U.S. union and management bargainers, is to insist on rigid stands and impossible demands right up to the final hour. Then, as the pressure mounts almost intolerably, the Russians give the minimum needed for agreement.

In the case of the January meetings, the final session on the last afternoon was set for three hours and lasted nearly six, in part because of a threat by Mr. Gromyko to terminate the discussions without agreement if U.S. compromises were not forthcoming.

In such a situation, blow-by-blow press descriptions, whether accurate or not, tend to work against the United States by contributing to public pressure to avert diplomatic failure and make a deal.

The Russians, whose public opinion is more easily controllable but who are at ease with secrecy in all things, do not seem to object to news blackouts.

The difference this time is a much more sophisticated and vocal Soviet public relations effort, an extraordinary feature of the current Geneva meeting.

There was a danger, due to the combination of those factors, that the cacophony of rival public relations machines here would leave the world with the impression for two days that the Reagan-Gorbachev summit meeting was a dangerous confrontation, no matter what was happening in the confines of the meeting room.

## Moscow Seeks to Reassure Arabs

(Continued from Page 1)

pressed interest in better relations with Moscow.

In one of the Novosti articles, Soviet writers, described by the state-run press agency as Middle East experts, answered questions on their country's policy toward the Middle East.

They said an international peace conference that comprises the Soviet Union, the United States and the other concerned parties, including the Palestine Liberation Organization, provided the only mechanism for a settlement of the Arab-Israeli problem.

The Palestinians, the article added, must have the right to their own state "on Palestinian soil."

Last week, Yasser Arafat, the

PLO chairman, said that whatever agreement might come out of Geneva would be at the expense of the Palestinians.

His remark was interpreted as reflecting a strain in his relations with Moscow, which sharply criticized the accord he signed with King Hussein of Jordan last February.

Moscow said that by agreeing to a joint approach with Jordan on a Middle East settlement, Mr. Arafat was giving away Palestinian independence.

Yitzhak Rabin, the Israeli defense minister, said Tuesday that Israel hoped that the United States would not offer the Soviet Union an equal role in Middle East peace negotiations, United Press International reported from Los Angeles.

"Israel does not want the Soviet Union in any part of any international formula to deal with the peace process," Mr. Rabin said in a speech to the World Affairs Council.

"We hope the Geneva talks will not change the U.S. policy not to allow the Soviet Union to be an equal partner to the U.S. in bringing peace to the region," he said.

"The Soviets are not interested in peace. They are interested in a controlled tension, not a solution."

He specifically mentioned "the right of the Jewish community in the Soviet Union to emigrate, the right to practice whatever religion

## Oman Celebrates 'Coming Out Day'

(Continued from Page 1)

with 225,000 students, 43 percent of them women or girls, and a concentration on spreading education to the vast rural areas and on practical studies such as agriculture and nursing.

Under government scholarships, about 200 students graduate from foreign universities each year now, but a new Sultan Qaboos University is under construction. Other statistics show the quantum leap: 2,100 miles of paved roads, 2,600 new hospital beds, a 40-fold rise in per capita income to about \$8,000 a year.

Vast stretches of houses and stores rise on what was wasteland a decade ago. There are ubiquitous Japanese-made four-wheel-drive pickup trucks for the Bedouins now, and aluminum or fiberglass motorboats are replacing the high-prowed wooden fishermen's rowboats.

"In 1970 there was nothing," Education Minister Yahya al-Manthari said. "We are running, not walking, to get the infrastructure to work."

So far, diplomats say, Oman seems to have avoided much of the grishm excess that has accompanied new oil wealth in the Middle East.

"They've learned a lot from their Gulf neighbors; there's a lot fewer white elephants around here," a Western diplomat said.

The sultan, another expert said, has also shown a concern for historical scholarship and for the environment. A campaign is under way, for example, against beach litterers who have been disturbing the nesting areas of the loggerhead turtle.

Much of the policy here has been shaped by a coterie of advisers to the sultan, most of them British and some reputed to have backgrounds in intelligence.

The British influence is still strong, particularly in the military. Britain sent Special Air Service troops to help the sultan put down a rebellion of mountain tribesmen backed by Communist South Yemen at the beginning of his rule. About 200 British officers are on loan to the sultan's army, while about 1,000 Britons are under hire as contract, or mercenary, officers.

The Chief of the Defense Staff, the highest-ranking military officer, is a British lieutenant general, the air force commander a British air vice marshal and the naval commander a British rear admiral.

There is an official policy of "Omanization," or replacing expatriates with Omanis not only in the military but throughout the econ-

omy. The process is proceeding slowly, a diplomat said, because the sultan "doesn't want Omanization at the cost of efficiency, and in any case you won't ever Omanize the mental jobs."

U.S. Holds Military Talks

The United States and Oman are holding preliminary talks on joint military construction, United Press International reported Tuesday from Muscat.

Under an agreement signed in

1980, U.S. forces are allowed to use three air bases and an airstrip during an international crisis.

The agreement also allows the United States to pre-position military supplies and equipment in Oman. Washington has spent \$246 million extending runways and building storage facilities.

"We are discussing with them possible future military construction," Ambassador George Montgomery said.

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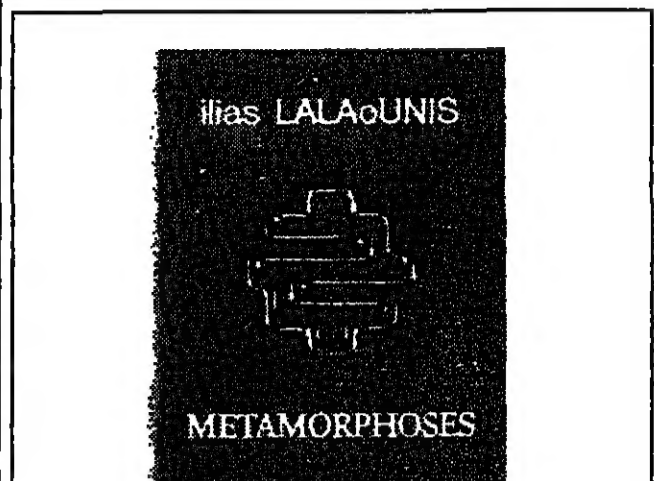
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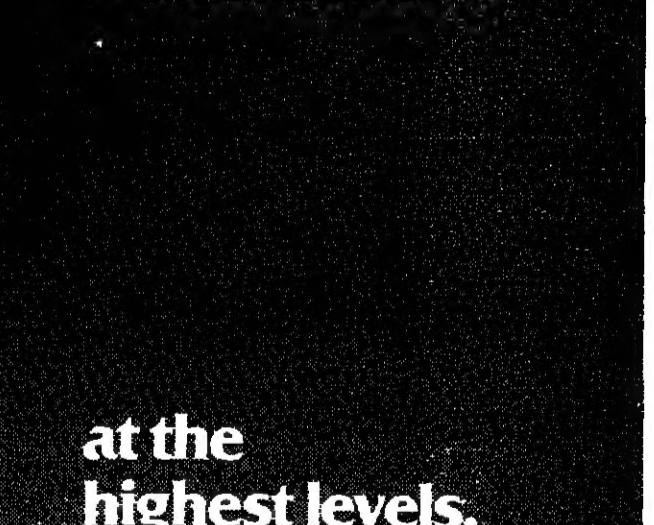
Awarded by l'Académie des Beaux-Arts, on November 13, 1985, at the Institut de France.

In his book, *Metamorphoses*, Ilias Lalaounis analyses the sources of inspiration, the work methods and the creativity of the modern goldsmith-jeweler. He presents, in color, with introductory comments, nineteen of his collections of jewelry and art objects inspired by history, nature and technology. Ilias Lalaounis believes that "Every piece of jewelry has a story to tell".

Ilias LALAOUNIS

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## Achievement









## Seek Help From Tokyo And Bonn

By Hobart Rowen

WASHINGTON — The State Department is quietly pushing for an important new initiative to help the American people understand the problems of the Third World. The initiative is a series of lectures and seminars that will be held in the coming months. The lectures will be given by leading experts on the Third World, and the seminars will be held in the major cities of the United States. The initiative is being funded by the State Department, and it is being coordinated by the American People's Education Center. The lectures will be given by leading experts on the Third World, and the seminars will be held in the major cities of the United States. The initiative is being funded by the State Department, and it is being coordinated by the American People's Education Center.

## Western Aid Shares in Blame for Famine

Ecologists Say Relief Programs Encourage Settlement, Overgrazing of Land

By Paul Rabinovitch

NEW YORK — Pictorial aid from developed countries has changed life in sub-Saharan Africa so dramatically that the land can no longer support the population, two ecologists have concluded. These changes may even be altering the weather itself, they said. The core of the problem, according to Anthony Sinclair and John Fryxell of the University of British Columbia in Vancouver, is that too many people and too many cattle are living on land that can no longer support them, because it has been overgrazed and stripped of vegetation. "If you feed the people and leave them where they are, it won't address the problem," Mr. Sinclair said recently in an interview. "It will make it worse, because these people will move into new areas and alter the vegetation again, so the famine will spread."

Mr. Sinclair was quick to say that on humanitarian grounds there was no immediate alternative to sending food to the millions of starving Africans, but warned that more must be done. "The very first thing we have to address is to repair the vegetation," he said. "We've got to get the grasslands growing again. We've got to take the people off the land, take the pressure off the land."

Moving large numbers of people is a difficult political problem in the best of circumstances. It may be impossible, given the political unrest in some of the African countries stricken by drought. These countries are in the broad belt known as the Sahel that stretches across the continent just south of the Sahara. In a recent paper titled "The Sahel of Africa: Ecology of a Disaster," Mr. Sinclair and Mr. Fryxell described how the wildebeest and the white-eared kob, two African antelopes, survive in large numbers by migrating during the rainy season to areas where short-lived, high-protein grasses briefly appear, and then returning in the dry season to areas where vegetation of a lower quality grows all year.

The migration strategy allows more animals to survive than would be possible if they were confined to a single area year-round, and it also allows grasslands to recover during periods when the animals are away. Many people living in the Sahel have traditionally followed a similar strategy. The pattern began to disappear several decades ago, however, as Western countries began to send aid to Africa. Wells were drilled in areas that were green with vegetation all year. Communities developed around the wells, and medical and veterinary care became available. People who had migrated soon settled near the wells, and it was not long before difficulties arose, according to Mr. Sinclair and Mr. Fryxell. Grazing animals no longer had access to high-protein grass during the rainy season. The land around the wells became overgrazed and ultimately denuded of vegetation, now that animals were feeding there constantly. The improved medical care increased the population of humans and animals. As the process accelerated, each periodic episode of less-than-average rainfall had more severe consequences. The famines of 1973 and 1984 were both preceded by reduced rainfall, but resulted in far more deaths than previous droughts, the researchers said. Beyond the relatively rapid deterioration of grasslands there may, however, be an even more ominous long-term problem, Mr. Sinclair said. The overgrazing may be directly changing weather patterns, causing a decline in rainfall that could last for decades. That contention comes from the work of other researchers, but Mr. Sinclair finds it increasingly compelling. This is the argument: Denuded, sandy-colored soils reflect more sunlight than do darker grassy plains, and denuded soils are cooler. Fewer warm air currents rise from the cooler ground to carry moisture up into the atmosphere, where it can condense into rain. In green areas, in contrast, warmer soils provide thermal currents that carry moisture released by plants skyward, thus producing rain. First, agencies providing short-term relief until the next rains arrive may find that the rainfall never comes. Second, emergency food aid will maintain ever larger populations that will spill over into neighboring areas, thus spreading the area of overgrazing and drawing residents of those neighboring areas into the problem. The process may have already begun. Observations of rainfall in the Sahel show a steady decline over the past 20 years. Not all researchers agree with this hypothesis. Sharon Nicholson, a meteorologist at Florida State University and an expert on the Sahel's climate, does not believe a long-term change is occurring. Reasoning from very different observations, she suggests that the current drought is similar to a drought that occurred in the region between 1820 and 1840. Thus, such droughts can occur in the absence of the kind of human activity that Mr. Sinclair and Mr. Fryxell describe. "The potential for a human effect is there, but it probably hasn't happened," Miss Nicholson said recently at a meeting of the University Seminar on Global Habitability at Columbia University. "I don't think we have any signal that the drought is going to continue," she said.

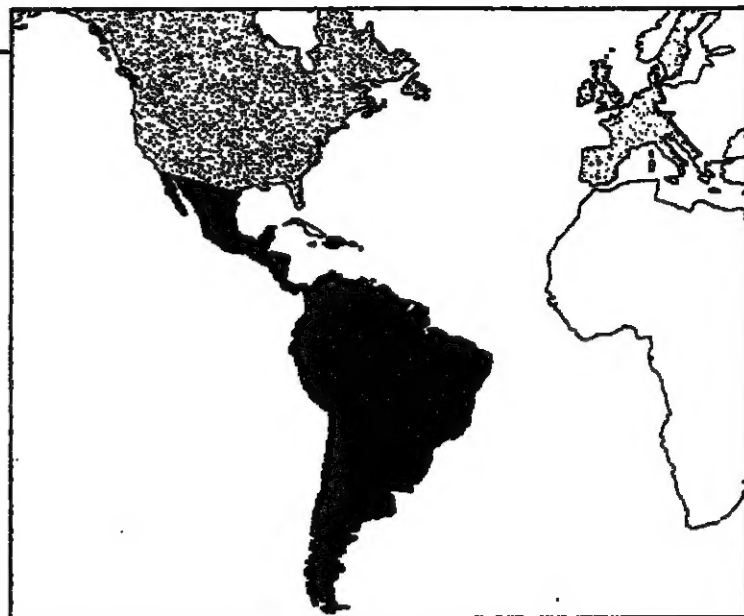
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## Beyond the debt crisis— Latin America the next ten years.



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Eduardo Wiesner Durán, Western Hemisphere Director, International Monetary Fund, Washington D.C.

LATIN AMERICAN INITIATIVES TO TACKLE THE DEBT PROBLEM

Jesús Silva Herzog, Finance Minister, Mexico.

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NEW EFFORTS TO STIMULATE TRADE WITH THE AREA

Claude Cheysson, European Commissioner, Brussels.

Felipe Jaramillo, Chairman of the Contracting Parties to the GATT, Geneva.

THE NEED FOR A LONG-TERM SOLUTION TO THE DEBT PROBLEM AND FOR NEW CREDITS

Enrique Iglesias, Foreign Minister, Uruguay.

Manuel Ulloa Elías, former Prime Minister, Peru.

THE COMMERCIAL BANKS' VIEW OF LATIN AMERICA

David Rockefeller, Chairman, International Advisory Committee, The Chase Manhattan Bank, New York.

William Rhodes, Chairman, Restructuring Committee, Citibank, New York.

Werner Blessing, Member of the Board of Managing Directors, Deutsche Bank, Frankfurt.

PERSPECTIVES ON ECONOMIC AND SOCIAL DEVELOPMENT

a) Central America: Carlos Manuel Castillo, former Vice President, Costa Rica.

b) Andean Region: Manuel Azpurúa Arreaza, Finance Minister, Venezuela.

THE FUTURE REVIVING GROWTH AND DEVELOPMENT, THE COMMON INTEREST

Lord Harold Lever, former Chancellor, Duchy of Lancaster.

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## Stepin Fetchit, Comedian in '30s Films, Dies at 83

LOS ANGELES — Stepin Fetchit, 83, the black comedian who became a Hollywood star in the 1930s by playing slow-moving, easily frightened characters, died Tuesday of heart failure and pneumonia in Woodland Hills, California. He had been hospitalized there since 1977.

Mr. Fetchit, born Lincoln Theodore Monroe Andrew Perry, went to Hollywood in the late 1920s and made a small fortune in dozens of films portraying shuffling, idle men who rolled their eyes in fright at the complexities of the world.

The subservient men he played were seen by some as an insult to other American blacks, but Mr. Fetchit said in a 1968 interview that never saw much harm in the stereotype.

"Just because Charlie Chaplin played a tramp doesn't make tramps out of all Englishmen and because Dean Martin drinks that doesn't make drunks out of all Italians," he said. "I was only playing a character and that character did a lot of good." He argued that he had opened doors for other blacks in the film business.

He sued Bill Cosby and CBS in 1970 over the use of some of his film clips in a television program, contending that he had been portrayed as "the symbol of the white man's Negro, the traditional lazy, stupid, craphooting, chicken-stealing idiot." He lost the lawsuit.

Little was reported about him from 1947, when he filed for protection under federal bankruptcy laws, until he was hospitalized in

Chicago in the mid-1960s as a charity patient. In 1969 when Mr. Fetchit was performing in Louisville, Kentucky, he learned that his 31-year-old son had murdered three people, including the son's wife, before turning the gun on himself in a shooting spree on the Pennsylvania Turnpike.

The comedian got his name as he was starting his career and was out of money in Oklahoma. He placed a bet on a horse named Stepin Fetchit, which won him \$30. He wrote a song about the horse. The manager of the theater in Muskogee, where he was performing, liked it and gave him the name.

George Mahon, 85, 44 years in Congress, SAN ANGELO, Texas (AP) — Former Representative George

Mahon, 85, who served 44 years in Congress and was chairman of the House Appropriations Committee for 14 years, longer than anyone else, died Tuesday.

Mr. Mahon was first elected to Congress in 1934, representing the 19th district in West Texas. He retired in 1978.

Other deaths: Jimmy Ritz, 81, of the Ritz Brothers trio whose comedy routines made them favorites of vaudeville, nightclub and film audiences for more than 50 years, Sunday after a long illness in Los Angeles. Owen Churchill, 89, the first person to win an Olympic yachting gold medal for the United States and the designer of the rubber swim fin used by American and British frogmen during World War II, Nov. 12 in Los Angeles.



Stepin Fetchit, portraying one of his film characters.

## Number of Americans Living Alone, 'Nonfamily' Households Rise Sharply

By John Herbers

WASHINGTON — Almost half the households added in the United States since 1980 consist of people living alone or with nonrelatives, the Census Bureau has reported.

Such households, which the bureau groups as "nonfamily," now make up 28 percent of all the households in the country, compared with 19 percent in 1970.

This is a change that demographers say may have important social and economic implications.

Particularly important, the bureau said in releasing its mid-decade findings Tuesday, was the number of people who now live alone: 20.6 million, almost twice the number found in 1970.

"Households containing only one person have jumped 90 percent since 1970, compared with a 37 percent increase in households over all," the bureau said.

The figures, based on a survey of

the population in March, tended for the most part to indicate a continuation of trends found in the 1970s that some officials thought might have slowed in the 1980s: more widows and divorced people, smaller families, people waiting until later to marry, more housing units, among others.

One trend of the 1970s, however, has been checked in the 1980s, that of young men and women living together without marrying. Steve Rawlings of the bureau's Population Division said the increase in these couples slowed after 1980 and showed no increase from last year to this year, even as the number of households was increasing.

"The number of households containing two unrelated adults of the opposite sex was two million in both 1984 and 1985, up from about 1.6 million couples in 1980," he said. The bureau does not ask questions that would explain the slowdown.

"Many of these households undoubtedly contain persons cohabiting in lieu of marriage, but situations such as an elderly widow who rents a room to a young man attending college also are included," the analysis said.

The continuing increase in the

number of "nonfamily" households was largely a result of more widows living alone, the bureau said. Young people's postponement of marriage also meant more people living alone, a trend that has been under way for the past quarter century. The median age for marrying is now 25.5 for men and 23.3 for women, an increase of 2.3 years for men and 2.5 years for women since 1970.

A long decline in the number of people in each household, which showed signs of leveling off after 1980, has resumed, and Mr. Rawlings said it might well continue for a number of years.

Since 1940, according to the bureau, the average household in the United States has lost one person. In that year there were an average of 3.67 persons per household. This year the average was down to 2.69.

If the decline continues, as most demographers expect it to do, officials said it could cause more problems for cities, where there are particularly large numbers of people living alone. In Manhattan, for example, the average number of people in a housing unit was found to be less than two in the 1980 census, lowest in the nation.

## INTERNATIONAL POSITIONS

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### U.S. Publisher Still Influential After His Death

New York Times Service

NEW YORK — William Loeb, who was the outspoken conservative publisher of The Manchester Union Leader in New Hampshire, seems to have lost little political influence since his death in 1981.

A U.S. political group is holding a black-tie dinner in his honor Dec. 11 at a Washington hotel, and the four most active Republican presidential candidates for 1988 are all planning to attend. New Hampshire holds the first presidential primary election.

Vice President George Bush will head the program with a tribute to Mr. Loeb. This despite Mr. Loeb's reference in the 1980 primary campaign to "the sort of below-the-belt filthy political tactic that you can always expect from the hotter-than-thou sainted liberal news media and their candidates such as George Bush."

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21-11-85



## For Armero Refugees, a Desperate Search

By Bradley Graham

Washington Post Service

GUAYABAL, Colombia — They wander dusty roads searching hospitals and morgues for relatives who disappeared in the flood. Or they simply sit, staring into the distance from makeshift tents or from the doorsteps of the charitable who have given them shelter.

They are the more than 50,000 lost people of Armero and other towns ravaged by last week's monstrous mud flows that were triggered by a volcanic eruption.

Without homes, without families, without jobs, the haggard refugees live an existence as empty as the neighborhoods, now engulfed by mud and barren of life, that they were forced to flee or were swept away from.

Colombian authorities have held out to them the hope of new prefabricated houses, probably not in Armero where the extent of damage and death makes reconstruction impracticable, but possibly here in Guayabal, the closest town north of the destroyed city.

There has also been talk in the press of a special economic aid package for survivors, but nothing definite has come of that yet.

For the moment, life for those fortunate enough to have narrowly escaped a disaster that killed 25,000 people is an arduous, disorienting, often lonely day-by-day affair.

The primary objective of many is to locate other family members who may have survived a flood that tore parents from children and from each other.

Government and volunteer agencies have prepared long lists of the dead and injured in Bogotá, but many of the victims have not been identified and so are posted merely as "N.N." meaning "No Name."

As a result, some of those looking for relatives travel from town to town in central Colombia, scrutinizing survivors at rescue centers.

Henry Gómez Nieto, a 30-year-old coffee grower from Armero, was here Tuesday asking about his sister Miriam, a bacteriologist, who vanished in the flood. He had checked the lists in Bogotá and had stopped at the hospital in Mariquita up the road.

Having found no trace of her yet, he was on his way back to Armero, about four miles (six kilometers) to the south, to pick his way through the ruins of their home, if he could find the spot in the sea of mud covering the town.

Another Armero survivor, a construction worker named Guillermo



A volunteer in Guayabal, Colombia, washes volcanic mud from Raul Navarrete, a survivor of last week's eruption.

Rodriguez, also was on an odyssey hunting for his 55-year-old father and 20-year-old brother, determined to find them even if they were dead.

"Any way I find them I will take them," he said.

Sitting in a nearby doorway along one of Guayabal's narrow, cracked concrete alleys was a 48-year-old woman whose badly scratched legs testified to her escape from the Armero catastrophe. Bertilda Ireno, too, was missing part of her family.

She was convinced that two of her four teen-age daughters had made it out alive, although why she believed this was not clear. She had endured the mud flow by holding onto the top of a door frame.

While talking to visitors Tuesday afternoon, she suddenly thought she spotted her two daughters down the street. Moments later, Mrs. Ireno realized the girls were not her daughters, and broke into tears.

### Volcano Scientist Fears a New Slide

Agence France-Press

MANIZALES, Colombia — A new mud slide, as deadly as the one that buried the town of Armero last week, could occur at any moment, a French volcano expert has warned here.

Haroun Tazieff, France's secretary of state for the prevention of natural and technological disasters, who is in Colombia on an observer mission, said that while the Nevado del Ruiz volcano was still active an alarm system is needed to avoid a repeat of last week's catastrophe.

He said that only a small part of the huge glacier had been melted by an eruption of the volcano last Wednesday. Millions of gallons of water could be unleashed "at any moment" by the heat of lava on the glacier, he said, and this could be turned into "torrents of mud destroying everything in its path."

He warned that that while it was possible that the eruptions might suddenly stop, they were more likely to continue for several weeks, even months. He said it was "absolutely necessary" to have an alert system.

Referring to the eruption, he said, "There must have been warning signs, but there was no one to interpret them." The mud "must have taken more than an hour to get from the volcano," he said.



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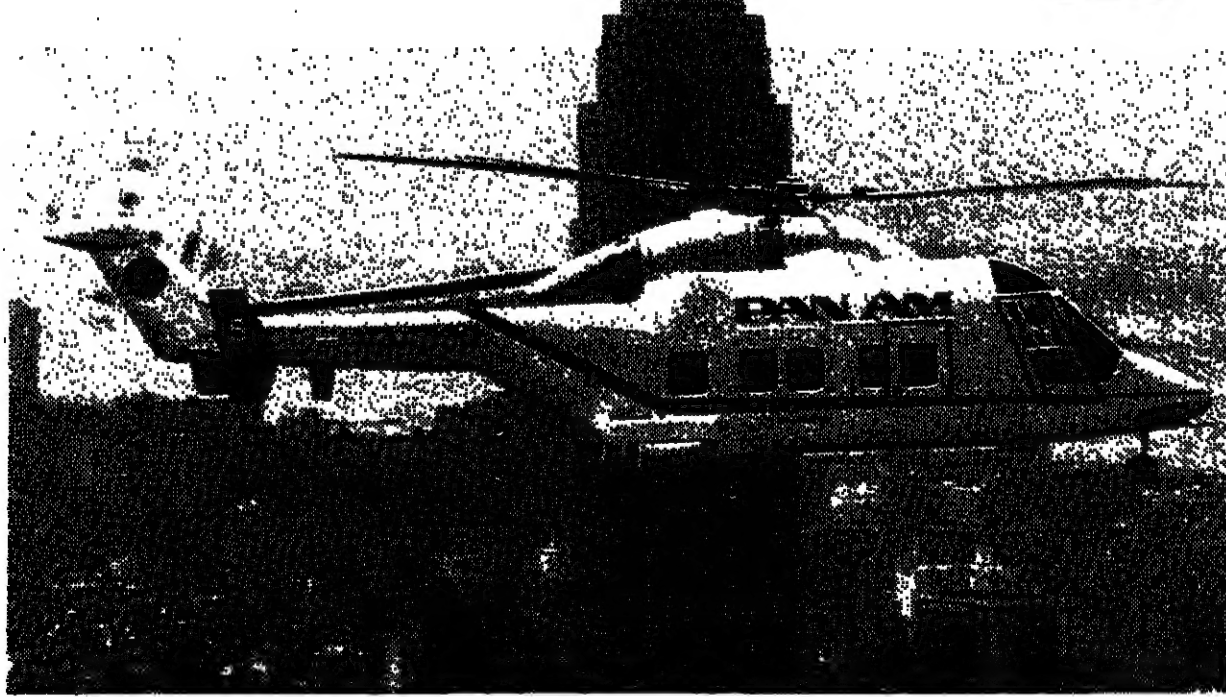


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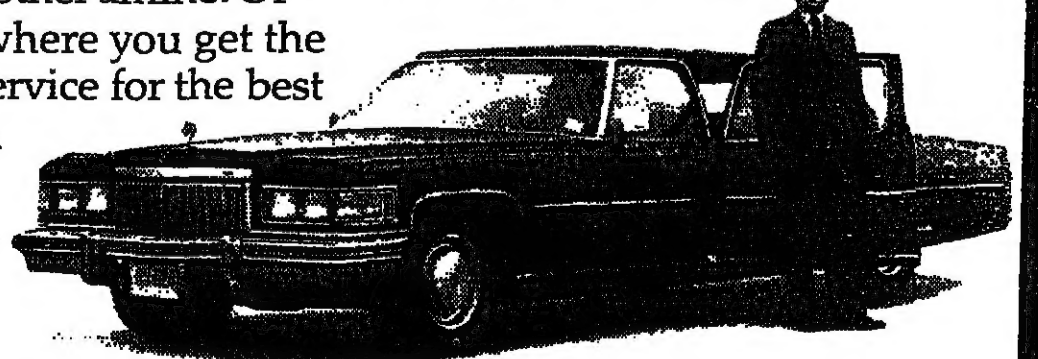
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### Sandinists Report Victory In 5-Hour Battle With Rebels

The Associated Press

MANAGUA — Sandinista soldiers backed by military aircraft have killed 41 rebels in a battle for the city of San Juan, 125 miles (202 kilometers) east of Managua, the Defense Ministry reported.

The ministry said Tuesday night that the rebel attack was repelled in a five-hour battle. It said two government soldiers had died.

Much of the fighting between the rebels and government troops involves scattered skirmishes, and the army normally calls for air support only when a major battle is developing or an important population center is threatened.

In Washington, the U.S. House of Representatives on Tuesday approved a bill that allows the Reagan administration to send aircraft and ground vehicles to the Nicaraguan rebels as long as the equipment is not equipped "to inflict serious bodily harm or death."

The bill also would provide sophisticated radios to the rebels, but would continue a ban against the Central Intelligence Agency advising or training them.

The Senate is expected to give the bill final approval later this

week. It will then go to President Ronald Reagan for his signature.

Congress agreed last summer to resume \$27 million in "nonlethal" aid to the rebels and permitted the CIA to share intelligence with the rebels.

The bill approved Tuesday clarifies those provisions and slightly loosens constraints on U.S. aid. It allows the CIA to give the rebels special secure radios and train them in transmitting CIA-supplied intelligence.

In Panama, representatives of the Contadora group, comprised of Mexico, Venezuela, Panama and Colombia, continued peace talks Wednesday aimed at narrowing the differences between Nicaragua and its U.S.-backed neighbors.

A draft peace plan proposed by the Contadora group two months ago would commit the five Central American countries of Nicaragua, El Salvador, Honduras, Guatemala and Costa Rica to immediately freeze arms purchases and cease further military buildup.

As the new talks began Tuesday, Nicaragua reiterated that it would not accept those conditions as long as the United States continued to back the rebels fighting the Sandinista government.

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## SCIENCE

## Arming the Nose to Supplement Natural Wintertime Defenses

By Harold M. Schneck  
New York Times Service

EVERY winter the human nose is besieged by germs. This year, through new medical research, the nose is being encouraged to fight back.

The counterattacks include experimental vaccines and drugs given by nose drop or aerosol, and strategies to bolster the respiratory tract's natural defenses against infection. The inner surfaces of the airways have also become a target for drugs to treat diseases that have little to do with the respiratory system itself.

The upper respiratory tract is one of the great natural battlegrounds between viruses and the human body because the nose is an important natural gateway. Every day more than 2,500 gallons of air flow through an adult's nose, much more if the person exercises heavily. Riding on that air come all the viruses, bacteria, and other particles in the vicinity.

The pressures of evolution have given the human air passages a potent set of defenses. Mucus traps many particles. Farther inside are threadlike cilia that cover some of the surface tissues like beds of waving grass, sweeping out any particles big enough to catch. The pink, velvety mucous membranes that line the airways have other defenses, too. Protective antibodies lurk in their surface layers. Scavenger cells cruise the territory to engulf invaders and destroy them with powerful chemicals.

But even a person with normally robust natural defenses does not win every skirmish at the border. Colds, influenza and many other infections occur when the defenders fail to head off the invader. For many such invasions vaccines have been the best answer. Most vaccines are given by injection or by mouth, but the nose is becoming an attractive site.

The purpose of a vaccine is to make the body produce antibodies that defend against the virus or

other agent of infection. Vaccine put into the nose is particularly good at producing antibodies in the tissues lining the upper respiratory tract. Virus experts are hopeful about nasal flu vaccine because the virus enters through the nose and would presumably be a good target for local antibodies there.

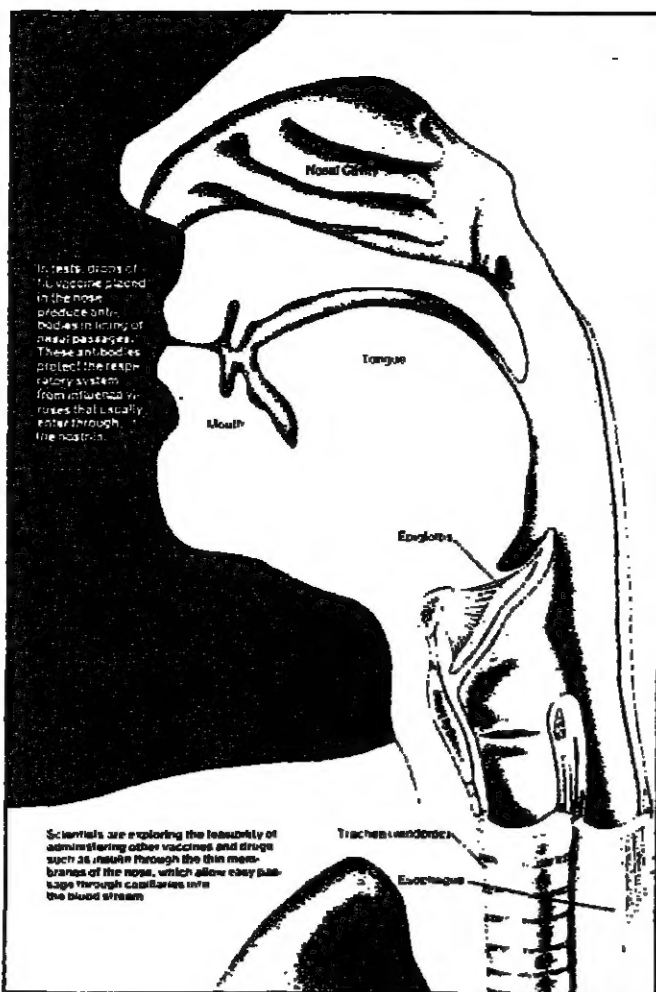
Conventional flu vaccine consists of inactivated viruses given by injection. Nasal flu vaccine employs live viruses. Some experts hope it will evoke immunity that lasts as long as a natural flu infection. If so, it might have to be given every three to five years instead of annually.

The nasal flu vaccine has been developed from viruses grown by Dr. John M. Masada, of the University of Michigan, whose success rested on an old trick — growing the viruses at far lower than normal temperature — and on some of the latest tools of molecular biology. He has grown viruses that are just like the natural disease-causing type on the surface but are totally disarmed on the inside.

The vaccine's development and testing have been financed by the National Institute of Allergy and Infectious Diseases, part of the National Institutes of Health, in Bethesda, Maryland. Early tests showed the vaccine safe and effective in producing antibodies, according to reports by scientists at the University of Rochester in New York, the University of Maryland, Vanderbilt University in Tennessee, Marshall University in West Virginia, and the institute.

A large trial of the vaccine's ability to prevent disease in a community is beginning in Nashville, in a five-year project by Vanderbilt that is financed by the institute. If the results are as good as scientists expect, the United States' preparations for flu seasons may change.

Key questions are whether the nasal vaccine is more effective than injected vaccine, whether the immunity lasts longer and whether



Judith Glid/The New York Times

the public will be more willing to take nose drops than the conventional shot in the arm. "We know that antibody is locally synthesized and locally present within the nose," said Dr. Kathryn M. Edwards, head of the project. "We do not know how effective this vaccine is when compared with the shot."

Last week, Dr. Edwards' team gave the vaccine to 150 children and adults. They plan to give it to

300 people before the flu season arrives by early winter. In 1986, the team will expand the number of vaccine recipients to 3,000. Each volunteer gets nose drops and injections, but one is a placebo. After the season, the doctors will determine who got what and which is most effective.

The nasal vaccine is derived from the same two varieties of influenza A that make up the conventional vaccine. Dr. Masada said he had recently produced a promising influenza B vaccine virus but it will not be ready for use in humans until next year.

At Baylor College of Medicine in Houston, Dr. Robert B. Couch and colleagues have tested the nasal flu vaccine thoroughly in college students and are now giving it to high risk groups: the elderly and the very young. Children are also important because they spread infections from family to family. Widespread use of vaccine among children might help prevent epidemics, and nose drops are a quick,

convenient, inexpensive way of giving it.

In closely related research at Baylor, Dr. Vernon Knight is testing antiviral drugs given by aerosol spray. For years he has been a leader in research on the relationship of very fine aerosols to infection.

Many viruses, including those of flu and the common cold, are thought to be spread by airborne particles. How small must the particles be? How efficiently do they seed infection in the respiratory tract? The Baylor group has studied such questions in at least 20 viruses.

Now they are studying the delivery of drugs and vaccines by aerosol spray. Dr. Knight's group has developed a machine, little bigger than a portable typewriter, for delivering extremely fine mists to the human respiratory system.

The particles in the mist are a fraction of the size of a red blood cell — so small, Dr. Knight said, that they penetrate every portion of the system. From the nose to the bottom of the lungs.

He believes antiviral drugs can be given in this way with great efficiency. The Baylor group is working this year on ribavirin, a drug believed to hold promise for treating and preventing infections with influenza A viruses. This and other drugs given by aerosol spray are also being tested against two other viruses — respiratory syncytial virus and parainfluenza virus — that cause serious illness and sometimes death in the very young.

Probably the most common infection of the human nose and throat is the cold. More than 100 viruses of the class called rhinoviruses are known to cause the sniffles and sneezes of the cold. There is no vaccine and no accepted cure.

Here, too, Dr. Knight sees his fine-particle nasal spray as a useful vehicle. He has found an experimental drug called enviroxime to be "fabulously active against all rhinoviruses" in the test tube, but it is relatively insoluble and therefore difficult to use effectively in patients. Through a collaborative project of Baylor, Eli Lilly & Co. (developer of the drug) and the Clayton Foundation, a private philanthropic agency, Dr. Knight is studying the drug's effectiveness when sprayed into the nose in the fine mists he has studied for years. He says there are no results yet.

In the book "Immunology of the Lung and Upper Respiratory Tract," published last year by McGraw-Hill, Dr. John Blumenthal of McMaster University in Hamilton, Ontario, argues that inoculations both by injection and by nasal spray might be better than

either alone because the dual attack would make the most of local antibodies in the nose and circulating antibodies in the blood.

Modern research in immunology, summarized in the book, credits the respiratory tract with three levels of defense: immune exclusion, regulation and elimination. The agents of this defense are several kinds of antibodies, both local and circulating; several kinds of defensive cells, such as scavenger cells called macrophages; and a constellation of other substances. One of these, the virus-fighting substance interferon, is also being studied as a drug given by nasal spray against the common cold. Some scientists believe it may be most effective if given together with a synthetic antiviral drug.

Dr. Aharon Yerushalmi of the Weizmann Institute of Science, in Israel, has tried a different strategy against the cold virus that requires no drug. Basic studies have shown that rhinoviruses do not grow well at high temperature. The scientist concluded that delivery of moist heat to the nasal passages might abort a common cold infection, and a device called Rhinotherm has been developed to deliver vapor at 107 degrees Fahrenheit (41.67 degrees centigrade). Doctors who developed it in Israel say that its regular use can hamper the virus and shorten the duration of the cold.

Nose drops and sprays are an old story as devices to reduce nasal congestion, but the uses of this prominent gateway into the body have been expanding in recent years. Steroid drugs have been given by nose to cope with allergies, and other drugs for a variety of medical purposes.

Several years ago, Dr. Albert Sabin tested a nasal measles vaccine abroad, with favorable results. This week, representatives of the Centers for Disease Control, the World Health Organization, the Pan American Health Organization and the government of Mexico are meeting in Atlanta to explore the possibility of using such a vaccine in Mexican children.

Last week, scientists at Harvard's Beth Israel Hospital in Boston and at a commercial company, California Biotechnology Inc., announced that they had received government approval for tests in humans of insulin delivered by nasal spray. The preparation, developed by Dr. Jeffrey Flier and Dr. Alan Moses of Harvard, is human insulin aided by a substance that enhances absorption directly into the bloodstream through the thin nasal membranes.

## IN BRIEF

## Platypus Has Electrical Food-Finder

SYDNEY (Reuters) — Australian scientists say experiments show that the duck-billed platypus uses electrical detection to catch its fast-moving prey — mainly shrimp and frogs. When small batteries and dead shrimp were thrown into laboratory tanks, platypuses ignored the shrimp and snapped up the batteries, researchers said.

The egg-laying, web-footed mammal, which can stay under water for up to five minutes, swims with its eyes and ears closed, and scientists had long wondered how it found its food in streams along Australia's east coast.

Electron microscope analysis of cells from a platypus head at the Darmstadt Technical Institute in West Germany had revealed what experts believed were receptors for electric signals. Chris Tidemann, curator of the Australian National University Zoology Museum, said this discovery was confirmed in the experiments at his laboratory.

## Clue to Reversed-Vasectomy Infertility

BOSTON (AP) — Newly discovered changes in the testes of men who have undergone vasectomies may explain why 30 to 60 percent of such men remain infertile even after the operation is reversed, researchers at Johns Hopkins University say.

Dr. Fray F. Marshall, one of the researchers, said that though men "shouldn't be getting a vasectomy if they have any real doubts about whether they might want it reversed," requests for reversals are fairly common, usually from men who divorce and remarry.

Dr. Marshall said the "subtle" changes the researchers found did not affect sexual performance or production of sex hormones. The study was directed by Dr. Jonathan P. Jarow and published in the New England Journal of Medicine.

## New Monkey Virus Linked to AIDS

WASHINGTON (AP) — African green monkeys are carriers of a newly discovered virus that closely resembles the one believed to cause AIDS, a finding Boston researchers say means the monkeys may be good models for studying the human disease.

Researchers at the Harvard School of Public Health said in a report in the Journal of Virology that the virus's similarity to the human AIDS virus supported the contention that acquired immune deficiency syndrome originated in recent decades in Africa and might have been passed from monkeys to humans.

Rebited viruses have been discovered in other monkeys; one, called STLV-3, is known to cause a mild AIDS-like disease. The new variation of STLV-3 was isolated from seven captured green monkeys. P. J. Kanki and Max Essex of Harvard and J. Alroy of Tufts University Medical School said the findings were worrisome because green monkeys were used in preparing a number of human vaccines, including much of the world's oral polio vaccine, as well as for drug products, biomedical research and disease diagnosis.

## Ancient Ice Thinner, Analysis Shows

LONDON (NYT) — It has long been assumed that ice sheets such as those covering Greenland were thicker in the ice ages than today, but an analysis of ice obtained by drilling to bedrock through the crown of the Greenland ice sheet and through the ice cap on Canada's Devon Island suggests that the ice may have been thinner.

Ice formed in the last ice age was considerably softer than ice formed more recently from snow, the analysis showed. Nick Reeh of the Geological Survey of Greenland reported in the British journal Nature that ice formed in the ice age flowed three to four times more readily than that above it.

Even though the ice sheets became extensive, because the ice flowed more readily than today their central regions shed the accumulation rapidly. The underlying layer of more plastic ice is becoming thinner and the modern, slower-flowing ice above it thickens.

As a result, Dr. Reeh proposed, the rate at which ice flows to the sea is slowing. Softness of the ancient ice has been attributed to the smaller size of its crystals and their more vertical orientation. The ice is also more contaminated with particles; the ice ages were marked by extensive dust storms.

## Voyager-2, Near Uranus, Spots Hint of Ring

The Associated Press

PASADENA, California — Voyager-2, moving toward a January rendezvous with Uranus, has detected faint hints of one of the dark rings around the planet, heartening scientists who weren't sure they would be visible.

Television cameras on the space probe, now 1.8 billion miles (3 billion kilometers) from Earth, have detected the outermost and widest of nine rings surrounding the solar

system's third-largest planet, a deputy project scientist, Dr. Ellis Miner, said at Jet Propulsion Laboratory in Pasadena.

The ring is 12 to 60 miles wide, he said. The project manager, Dr. Richard P. Laaser, said the ring appeared as a slight brightening against the darker background of space in long-exposure, computer-enhanced, still television pictures. Dr. Laaser said the pictures were "so tenuous it takes a prac-

ticed eye to even see anything."

Voyager-2, which with Voyager-1 explored Jupiter, Saturn and their rings and moons from 1979 to 1981, is 54 million miles from Uranus, approaching at 41,000 miles an hour. It will make its closest approach of 66,000 miles Jan. 24, becoming the first spacecraft to explore the planet.

The rings were discovered in 1977 when Uranus passed in front of a bright star.



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An Industry  
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## Economics: Mastery By Stopgap Solutions

By Uli Schmetzer

ROME — Italy's economy is permanently on the operating table. But whenever the surgeon is ready to intervene, the electricity fails, the nurses go on strike or an instrument is missing.

Yet somehow, the patient manages to stay alive.

This is due both to a robust constitution and to a native ingenuity that invents stopgap measures to last until the next attempt at major surgery.

So, when Prime Minister Bettino Craxi's five-party coalition, one of the most stable in postwar Italy, collapsed following the Achille Lauro affair last month, it appeared at first that it would yet another government attempt to cure the patient's chronic ailment: a public deficit that this year exceeded its target of 96 trillion lire (\$50.6 billion) by 20 trillion lire.

Just three weeks before the government resigned, Mr. Craxi's cabinet proposed a 1986 budget that included unpopular welfare cuts and tax increases designed to maintain next year's public-sector deficit at the same level as this year's, that is, at 15.6 percent of gross domestic product.

And when Mr. Craxi returned to office after reconstituting the same five-party coalition, the new government pledged to push through the proposed financial remedies before Dec. 31.

Mr. Craxi intends to cut free medical care for all but the poor, drop family benefits for the first child, reduce lavish pension payments and much abused public transportation aid while raising education fees and taxes for the affluent.

On paper it looks plausible, although most economists feel it falls well short of what is required. Still, the government predicted that the plan would save 5 trillion lire and stimulate economic growth by between 2 percent and 3 percent in 1986.

More important, the program, coupled with the privatization of certain divisions within state companies, would reassure economists, such as the International Monetary Fund. They have warned that Italy's rising public-sector deficit is not only a time bomb for the economy but also is responsible for its main ailments — high interest rates, a nagging inflation rate (8.8 percent for the year ending September 1985) and the instability of the lira.

Political pundits feel that Mr. Craxi's return to power was prompted more by economic expediency than by political harmony. It was feared that another prolonged government crisis and a new administration would jeopardize

(Continued on Next Page)



Gianbenedetto Vico, 1776, courtesy of S. Colonnese, Milan

## Alba Jealously Guards Its Truffle Fame

By Kate Singleton

MILAN — "Whoever says 'truffles,' utters a great word which arouses erotic and gastronomic memories among the skirted sex, and memories gastronomic and erotic among the bearded sex."

Antoine Brillat-Savarin had made many useful inquiries before writing this in his philosophical treatise on eating habits, "Physiologie du Gout," which was published in 1825.

And if the mere word can conjure up so much, who knows what the truffle itself may do. In fact, a great deal of mystery and folklore surrounds the truffle.

Nero described truffles as "the food of the gods," and Pliny called them "miracles of nature." That is quite a boast for a small, dark, smelly, ill-shaped tuber.

In ancient times, it was believed that truffles resulted from lightning hitting a tree or the earth.

In reality, a truffle is a form of fungus that grows about 4 to 8 inches (around 10 to 20 centimeters) below the ground in parasitical symbiosis with the roots of certain trees, such as oak, poplar, horse chestnut and walnut.

The black truffle, or *Tuber melanosporum*, is the most common and is found from December to May throughout Italy, in much of France, Spain, Portugal, Switzerland, and in parts of Germany, Austria, Czechoslovakia and Yugoslavia.

The white truffle, or *Tuber magnatum*, on the other hand, is rarer and therefore more coveted. It is found from late September to December in northern and central Italy, Yugoslavia's Istria peninsula, the Swiss canton of Ticino and the eastern part of France.

Truffles are prized for their rich, pungent, earthy aroma and



The cover of "I Tartufi," left. Above, truffle rooting in Alba.

POEMETTO  
DI GIANBENEDETTO VICO  
PROFESSOR DI LETTERE  
E LETTERE DAL 1825



IN VIGNA PER VICO VICO

N. TONINO HINELAVI  
NELLA STAMPERIA REALE  
di Torino

Gianbenedetto Vico, 1776.

savor, but they lack any assimilable proteins. Black truffles can be cooked; white ones are sliced paper-thin and eaten raw on meat, eggs, pasta or rice.

Whether or not they stimulate sexual activity in human beings is still a matter of debate. However, scientists have discovered that their odor is similar to the smell that pigs emit when rutting.

In fact, pigs are the best truffle finders although they are not regularly used for such tasks because they are difficult to discipline.

In Alba, in the Piedmont region, where the queen of white truffles are found, truffle dogs are bred and trained with care.

The dogs and their owners, who are called *trifolani*, look for truffles at night and may dig up as many as 2 kilos (4.4 pounds) on a good outing. Since a kilo of truffles will bring \$500 in Alba and more than twice that by the time it reaches Milan or the Riviera, it is easy to see why a good truffle dog is valued.

"I had a splendid hound a couple of years ago," said a *trifolano* who works during the day as a

(Continued on Page 13)

## For Craxi, Question Remains How Long Can Coalition Last?

By Henry Tanner

PARIS — The difficult alliance between Bettino Craxi's small Socialist Party and the dominant Christian Democrats, which has assured Italy's political stability for more than two years, is in turmoil once again.

Tension and mutual suspicion between the two key government parties erupted in the closing hours of the government crisis in which Mr. Craxi was forced to resign over his handling of the Achille Lauro hijacking, but bounced back into office with the backing of the Christian Democrats because there was no other ready candidate for the office at the time.

Now the question is being raised again how long the Christian Democrats will be willing to keep Mr. Craxi in office and what will happen when they let him fall.

The alliance has always been a marriage of convenience, dominated more by mutual suspicion than love.

Ciriaco De Mita, the party secretary for the Christian Democrats, made it clear, at the time when Mr. Craxi was first installed in the prime minister's office in August 1983, that he regarded the agreement as limited. No coalition government had ever lasted more than two years, he said then.

Each of the two partners from the start suspected the other of flirting with the Communists.

The notion that an agreement of mutual tolerance — far short of the "historic compromise" of former Prime Minister Aldo Moro and Enrico Berlinguer, the former Communist Party secretary — between Christian Democrats and Communists could give Italy a stable

(Christian Democratic) government should the alliance with the Socialists collapse, has cropped up periodically on the Christian Democratic side.

When Mr. De Mita held a discreet meeting with Mr. Berlinguer before the latter's death in June 1984, Mr. Craxi was reported to have been furious.

On the other hand, two weeks



Prime Minister Bettino Craxi addressing the Senate.

ago, when Mr. Craxi made an implied appeal for Communist moderation in the forthcoming budget debate and when he was awarded with loud Communist applause for his tilt in favor of the Palestine Liberation Organization, Christian Democratic politicians and some editorialists immediately charged that he was bent on unearthing the long-buried notion of an "alternative of the left," that is, a Communist-Socialist alliance.

Mr. De Mita, as he had in the past, warned the prime minister in

press interviews that the Christian Democrats could not be expected to keep backing him if he used their support to build his own political strength outside the coalition.

Mr. Craxi is unlike any other prime minister in postwar Italy. He has been in power for two years and three months, which is a record. He is the first Socialist to hold the office and only the second prime minister — after Giovanni Spadolini, a Republican — not to be a Christian Democrat.

He has been an energetic, even

commanding head of the five-party coalition, which also includes the Republicans, Liberals and Social Democrats.

His government has managed to reduce inflation below 9 percent, although just barely, and has promulgated a law under which thousands of retail stores and small businesses are paying taxes for the first time.

When the Communist Party and the General Confederation of Labor, the country's most powerful union, refused to agree to a cut in the sliding wage indexation, he forced the unpopular measure through by decree. This was an unprecedented action, and it goaded the Communists into making their worst political blunder in many years: They called and catastrophically lost a referendum through which they had hoped to reverse the measure.

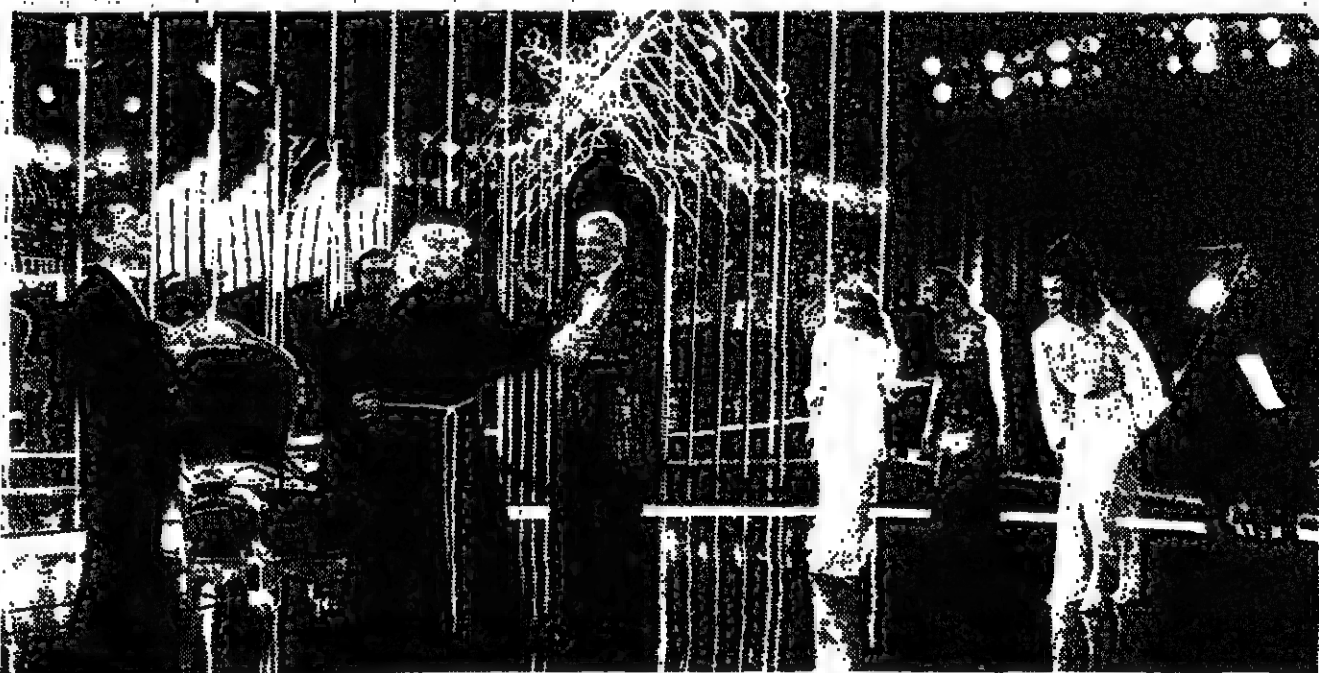
In a country of multiparty governments where the art of politics traditionally consists of an unending balancing act between conflicting party interests, he has been assertive and self-centered. Often, he has seemed to be wielding power as if he commanded an unassailable majority rather than being the head of a small party that has never polled much more than 11 percent of the vote in a national election.

At times he has been as tough in dealing with his coalition partners as he has been ready to do battle with the Communists or with newspaper editors who dared to criticize him.

His strengths, as well as the flaws of his personal style, were evident in his handling of the Achille Lauro crisis. His actions were quick and decisive. Although he is one of the most pro-American and pro-NATO politicians in Italy, he ordered American troops to prevent Egyptian soldiers from getting to the Egyptian airliner that U.S. planes had forced to land on a North Atlantic Treaty Organization base on Italian soil.

When he had to resign after three Republican ministers quit the cabi-

(Continued on Next Page)



Fellini's "Fred and Ginger," above. Below, Ettore Scola directing Mastroianni and Lemmon in "Macaroni."

## Film Industry Pulls Out Of Its Longest Crisis

By Ludina Barzini

ROME — The Italian movie industry is back on its feet and ready to fly again, led by a small army of believers who did not give up in the face of difficulties that appeared, at times, insuperable.

Over the past six years, Italian cinema often was said to be "in agony" or "dying." The malaise was profound.

Weakened by a crisis both in the film industry and the national economy, private filmmaking was disabled by the spiral of production costs from double-digit inflation and a national currency troubled by a high dollar.

A massive closing of cinema houses followed as lavish home-screen programming was offered by the very competitive public and

private broadcasting systems. Film attendance and production declined and foreign markets were lost.

Then, last spring, after years of discussion, an entertainment and finance bill was passed allocating about 15 billion lire to cinema through 1987.

Financial aid is also being made available with an interest rate of 3 percent. Yearly allocations will be available to all sectors of Italian cinema — production, distribution, theater renovation, modernization and film facilities.

A tax measure included in the finance bill affords a shelter of 70 percent on all taxable revenue reinvested in continued film production. The tax shelter is limited to

(Continued on Page 13)



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## A SPECIAL REPORT ON ITALY

# Economy: Stopgap Solutions Continue to Ensure Survival

(Continued From Previous Page)

Italy's credibility both at home and abroad.

Carlo Ciampi, governor of the Bank of Italy, last month pointed out to what extent government spending was eroding the successes of the industrial recovery of the last few years.

He predicted before Parliament that the expected budget deficit would exceed its target by 20 trillion lire, not taking into account another 12 trillion lire in additional commitments. At 15.6 percent of GDP, the deficit is more than 5 percent above the average of the other major industrialized countries.

He said the national debt, at 675 trillion lire, would equal GDP this year and the balance of payments current account would register a deficit of 12 trillion lire compared with a 3 trillion lire last year. Italy's net foreign debt, he said, would reach \$30 billion at the end of the year, exceeding gold reserves of \$21 billion.

This dismal picture has not diminished confidence in a country where the market constantly defies alarmists and where economic norms do not seem to apply.

In fact, the moment that Mr. Craxi became his own heir apparent, the stock exchange, which had fallen almost five points in one day, rapidly rallied. By the time he was reappointed, the exchange had hit a record high. Domestic and foreign investors, attracted by the high interest rates required to finance the chronic deficit, had quickly recovered their faith.

And maybe that faith was not unfounded. Corporate profits are expected to repeat last year's 40-percent margin. The political situation seems more stable, despite last month's crisis.

The Communists, the country's second largest party, have been losing ground since last spring, when the electorate turned down the Communist-sponsored referendum on the wage indexation system. The Communists were seeking to restore wage increases cut by the government from the program of automatic pay raises, known as the *scala mobile*, which is designed to compensate for inflation.

The devaluation of the lira in July by an effective 8 percent was expected to dampen the import glut, reflected in the rising current-account deficit, and prepare the currency for a more prominent role on international money markets.

At the same time, the creation of mutual funds this year has helped coax savings away from government bonds. Italy is second in the world, behind Japan, in the rate of savings per capita.

Traditionally, however, Italians finance their government's deficit by buying tax-free government bonds at interest rates as high as 16 percent.

The eroded power of trade unions has also helped Italy's competitive position abroad. The cost of labor came down from a 21-percent increase in 1981 to a 4-percent increase last year, with the same figure expected for this year.

This makes Italian manufactured goods, which account for 97 percent of exports, more competitive on the European market.

With Mr. Craxi's new cabinet virtually unchanged, the trend to break up and privatize branches of the country's generally loss-making state enterprises will continue, although the public can buy only nonvoting shares and the majority holdings remain in state hands.

This leaves the split-off parts of the conglomerates still subject to political pressures.

But the issuing of public shares will help finance the deficit and add new capital to the enterprises.

Last month, Italy's largest bank, the state-owned Banca Nazionale del Lavoro, issued 20 million non-voting shares with a nominal value of 10,000 lire.

In June, the Sirti company, which produces electrical and communications cables and is controlled by the state holding company IRI, sold more than \$100 million worth of stock to private investors.

In early September, the national telephone company, SIP, issued shares worth \$180 million on the London market, and there are plans by an international banking syndicate headed by Credit Suisse.

First Boston to place on the international market shares of STET, the state holding company involved in electronics and telecommunications.

With Italy's comparatively small stock market index growing faster this year than any other in the world, foreign investors have taken a vivid interest in these issues.

The flood of shares is yet another sign that the government has finally decided to trim down the state conglomerates, which successive governments have bailed out for decades with public funds.

If these measures have a positive

and visible effect on investment, Italy is also a country where economists must take into account the "invisibles," where entrepreneurs and investors follow more their instincts than official statistics and forecasts, which are often wrong.

One of these invisible phenomena is the *economia somera*, or underground economy. It is credited with adding from 3 percent to 30 percent to GDP, depending on who is doing the calculating.

It is that part of the country's labor force that for years has escaped taxation and official statistics by working as a cottage industry, making unregistered components for industry.

In the past, the underground economy often acted as a safety cushion during crises, absorbing the unemployed and reducing production costs by eliminating expensive social insurance payments.

But today, it, too, has problems. It is in danger of being phased out by robots, less rigid trade union rules, which are encouraging employers to add to their labor force, and more severe taxation.

And its "employees" are active in a sector of the economy—shoes, textiles, ball bearings—that is increasingly being dominated by Third World countries.

In fact, after adapting to modern production methods in recent years, Italian manufacturers may well have to look to high technology to keep up with the leading industrialized nations.

But then, Italians are never slow to adapt to prevailing winds. That is why the patient remains in relatively good health.



A grape grower in Sardinia, Italy.

# For Winegrowers, 1985 Raises High Hopes for Top Quality

By Sari Gilbert

ROME — Wine has always played an important part in Italian life and culture. "In vino veritas" is one much-used expression here, and another, "you can't have both a tipsy wife and a full wine barrel," is used to mean that one cannot always have everything.

This year, in fact, winter cold spells and a summer drought will give Italy one of its smallest wine outputs in recent times, about 65 million hectoliters compared with 70 million last year and 83 million in 1980.

But wine producers are hardly worried, for in terms of quality, the 1985 vintage is expected to be one of the best in recent Italian history and the percentage of fine wines, labeled *Denominazione di Origine Controllata* (DOC), is likely to rise.

"It's a terrific year," said Francesco Artale, president of Fedevini, the Rome-based Italian federation of wine and liquor producers. He said that this year's summer throughout Italy had produced mature, healthy and undamaged grapes, and that most of wines could be expected to excel in terms of taste, alcohol content and bouquet.

"It's a fantastic vintage, on the level of that of 1971, but with the benefits of 15 years more of technology," said Angelo Gaja, who runs a wine company in Piedmont that produces Barolo, Barbaresco and Dolcetto.

In fact, this year's vintage may allow Italy to bolster its growing image as a producer and exporter of fine wines. Although Italy is the world's major producer of wines,

followed closely by France, only about 20 percent are considered very good, with only half of that, no more than 11 percent of the total, in the DOC category.

In addition, about half of Italy's wine exports, which last year stood at 15.7 million hectoliters, equal to about 23 percent of total production, is represented by wine

na, it's a good to excellent year for all our wines, Soave, Valpolicella and Bardolino," said Pao Bolia, president of the Bolla wine firm.

Although the total production of Soave is down because of last January's freezing weather and the dry summer, alcohol content for Soave, which will be on the shelves next April, could go as high as 11.5 to 12

## The vintage may allow Italy to bolster its image as an exporter of fine wines.

shipped out, unbottled, to countries like France and West Germany, where they are used mostly to strengthen local red wines or for the production of sweet and sparkling wines.

Nevertheless, quality has been slowly improving. Among the best are long-aging wines like Barolo and Barbaresco of Alba; Gattinara from the Valsesia district; Carema from the lower Val d'Aosta; Sassella, Inferno and Grumello from the Valtellina; Recioto and Amarone from Valpolicella; Trisino Cabernet; Chianti Classico; Brunello di Montalcino; Umbrian Rubesco; and Taurasi, from the Irpinia district of the south.

It is these wines and others similar to them that are being exported to high-price markets like the United States, currently Italy's third largest market in terms of quantity (after France and West Germany), but its first in terms of value. The average price of the wines sold to the United States is \$146 per liter (41.05) per liter as opposed to the \$13.10 per liter for the largely unbottled table wine sold to France.

Nearly two-thirds of the Italian wine imported by the United States is sparkling wine like Lambrusco, which few wine experts would label as a quality product. But this is changing, and reports from around Italy indicate that given the characteristics of the 1985 vintage, production and export of quality DOC wines is likely to increase, probably to as high as 13 percent of the total.

"Here in the area around Ver-

percent. Bardolino and Valpolicella also will both have greater than usual alcoholic strength, while for Recioto reds and Amarone, which must age for four or five years, "this will be a year to remember," said Mr. Bolia, whose firm exports 70 percent of its wine.

According to Ferdinando Frescobaldi, a Chianti producer, 1985 "is the best year of the last decade." He said that Brunello will be terrific, Chianti Classico, although production is down 20 percent, will be very good and that Chianti Rufina, whose production fell even more sharply, will be "exceptional."

The growing Italian interest in fine wines has resulted in more restaurants offering quality wine lists and an explosion of courses for sommeliers.

But all this does not mean that the Italian wine industry faces no problems. Scandals involving adulterated wine are only a nuisance. The real problem is that even if exports have been increasing (in the first six months of this year they grew by 26 percent in quantity and 30 percent in value), wine consumption in Italy itself has dropped seriously.

The 1975 average consumption of 115 liters per person per year has dropped to 73 liters per capita, largely the result of competition from beverages such as beer and sodas, dietetic concerns and the tendency of a growing number of Italians to do away with the sit-down midday meal.

# Government Tries to Ease Fragility of Lira

ROME — When the government devalued the lira in July this year, it took another cautious step to align the troubled currency with the rest of the European Monetary System.

But the 8-percent readjustment — the lira was devalued by 6 percent and the EMS was revalued upward by 2 percent — was not so much an attempt to accommodate the exchange rate as an effort to combat the widening gap in current account, which is expected to be four times the figure of last year.

The currency was already in trouble. With domestic consumer demand rising faster than elsewhere in Europe, the high rate of the lira made imported goods attractive and domestic goods less competitive on foreign markets.

The devaluation, which was scheduled for September, was triggered prematurely by fears of a run on the currency by speculators.

On July 19, a day before it was secretly decided to devalue the following week, Ente Nazionale Idrocarburi (ENI), the state-owned energy conglomerate, sought \$125 million on the market, allegedly to pay an outstanding bill.

In just 10 minutes, the lira plunged against the dollar, forcing the Bank of Italy and the Treasury to close the exchange. On Monday, July 22, the currency was devalued. Although it quickly recovered ground, the damage had been done.

Prime Minister Bettino Craxi called for an inquiry. ENI protested its innocence and, in the end, the incident was quietly swept under the carpet.

But the incident again illustrated the fragility of the lira and of Italy's economy, where inflation, at 8.8 percent for the year ending in Sep-

tember, is still an average of four points above its main competitors in the European Community. It also showed the nervousness of the market when confronted by a sudden exchange devaluation.

In an effort to bring the lira in time with other EMS currencies, the government intends to gradually lift some of its rigid export restrictions on currency.

This fall, the first lira-denominated Eurobonds were issued. Treasury Minister Giovanni Goria sees the creation of a Eurolira market as giving the Italian currency a more important role on foreign capital markets.

And with an annual return of 13 percent, the lira Eurobonds were not far below the September issue of government bonds with an annual yield of 14.6 percent.

— ULI SCHMETZER

# Conflicts Making Inroads in Coalition

(Continued From Previous Page)

net, he draped himself in the mantle of an Italian superpatriot who had dared to stand up to the Americans.

His comeback was easy, or could have been. Mr. Spadolini, the defense minister, and other critics who had accused him of endangering the alliance with the United States had the ground cut out from under them when President Ronald Reagan withdrew his own sharp public criticism of Mr. Craxi.

The five coalition parties agreed on a policy statement reaffirming Mr. Craxi's policies without major change but, in a more carefully phrased form, and asked him to read it in Parliament to signify the end of the crisis.

After he had done so, however, he made a second speech in which he added, in a different tone, that in his view the PLO was wrong to resort to a policy of violence but had the inherent right to do so.

A storm broke. His coalition partners felt betrayed by what they considered his blatant disregard for the requirements of government by consensus within the coalition.

In one of the many angry editorials that appeared in the press, Eugenio Scalfari, the editor in chief of the influential newspaper *La Repubblica*, wrote that the prime minister was trying to transform the coalition into a personal presidential government.

Ironically, just as Mr. Craxi is breaking the record of longevity in office, the question is being asked again: How long will the Christian Democrats put up with him? And when will they launch a campaign to put their own man back into office?

Mr. de Mita, if anybody, is the man who has the answers. The Christian Democrats have tolerated two non-Christian Democratic prime ministers. Since 1981, they have been Mr. Spadolini, twice, for a total of 18 months, and Mr. Craxi. This is because their share of the vote has eroded, although they have remained the strongest single party through the years — except in the 1984 election for the European Parliament in which the Communists overtook them briefly by three-tenths of a percentage point.

The Christian Democrats' share of the vote was 48 percent immediately after the war, then stagnated at around 40 percent for many years and dropped to 38 percent in 1979. It reached a low point of 32.6 percent in the national election of 1983.

Mr. de Mita took over as party secretary in 1983 and has streamlined the party and systematically increased its power. He has sought to give it a modern image. He has cut the power of the current, or clans, which have dominated the party for the 40-plus years of its existence and which are often controlled by old politicians who have held their positions all their lives. He has sponsored young, new leaders with a more modern outlook and has brought the party closer to the life-style of present-day Italy as represented by

the successful industrial and commercial enterprises of the north.

Moreover, while Mr. Craxi has been heading the government in Rome, Mr. de Mita has placed Christian Democrats in key positions as managers of the country's vast state-operated enterprises, where they control many of the most important levers of power.

He also obtained from Mr. Craxi a promise in 1983 that the Socialists would break up their local coalitions with the Communists through which the left has controlled most of the big city governments and many provinces and regions. This was the price that the Christian Democrats exacted from Mr. Craxi for backing him for prime minister in 1983.

It was a stiff price for the Socialists to pay. The Socialist Party, in spite of Mr. Craxi's own pronounced anti-communism, had been able to play split-level coalition politics — exerting national power in Rome together with the Christian Democrats and grassroots power locally with the Communists in the cities.

Since the local elections last May, in which the Communists lost further precious ground, new coalitions of Christian Democrats, Socialists and other non-Communist parties, have been put together laboriously in most of the big cities, including Rome, replacing Communist-Socialist alliances.

This is one of the most important shifts of power in recent decades. It has ended the Communists' domination of local politics. But it has also diminished Mr. Craxi's bargaining power vis-à-vis the Christian Democrats.

For four years, therefore, the Christian Democrats have been going through a period of internal reform and consolidation. For Mr. Spadolini first and then Mr. Craxi, this has been a period of grace during which the country's strongest party was willing to forgo the prime minister's power.

This period may be coming to an end, perhaps with the Christian Democratic Party congress scheduled for May. But Mr. Craxi will be able to put up a strong fight whenever the Christian Democrats serve notice that they are ready to move back into the Palazzo Chigi, the prime minister's office. His personal prestige in the country has increased during his years in power even though his style remains controversial.

In a public opinion poll a few weeks ago, 42.9 percent of Italians thought he was a better prime minister than his predecessors and only 23.2 percent thought he was worse, even though 56 percent found they would not like to buy a used car from him.

Although many or most Italians probably would recognize the right of the Christian Democrats, the country's leading party, to the prime ministership, Mr. Craxi would almost certainly have the power to block the formation of a new government. This would make new elections inevitable long before the current term of Parliament ends in 1988.

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## A SPECIAL REPORT ON ITALY

## War of the Art Book Publishers: Stakes Are High

By Kate Singleron

MILAN—Catalogs for art exhibitions are often daunting as well as attractive. When they weigh 3 kilos (6.6 pounds) and cost more than \$25, you simply have to start being selective in your purchases, particularly if you are traveling. But this, in Italy, is not always easy. Temporary art shows have multiplied phenomenally in the last few years, and those nice shiny volumes certainly have their appeal. They do for the publishers, too. In fact, they can be quite big business.

The Italians have been printing art books for local and foreign publishers for decades now. They are experts at color separation and in printing can offer unbeatable quality for the price. But catalogs are something different. Or rather something more. They require the same price/quality relationship, plus maximum flexibility and speed in production. First of all, in the case of public tenders for major catalogs, extremely swift cost estimates have to be made, and this necessity in itself rules out a number of would-be competitors. Then, exhibition organizers are wont to make last-minute changes in catalog copy and illustrations, to say nothing of handing some of it in so close to the opening date that nothing short of a miracle will have it there, bound in with the rest, at the inauguration. There is money in these miracles, however, and that is why it is worth performing them.

For Italian publishers, the golden age of the catalog was about seven years ago. That was when center-left local governments first threw themselves into a spate of unprecedented cultural activism. Whereas in other countries exhibitions are mostly organized by the museums where they take place

(the Museum of Modern Art or the Metropolitan, the Louvre, the British Museum, etc.), in Italy they are largely organized by the department of culture of the municipal government; that is to say, by politicians. The directors of these *Assessorati alla cultura*, or departments of culture, are in office for four years at the most. Usually less. This means that in order to vault their personal merits and ensure political promotion, they put on as much as possible that is eye-catching in a short time. Exhibitions galore, therefore, with large catalogs as their tangible witnesses.

Back in those early and happy days, the publisher who produced the catalog for the show had some very concrete advantages. In the best cases, the municipality would buy a number of copies for its own prestige handouts and the payment would just about cover production costs. The remaining "n" thousand copies sold to the public were thus pure profit. But even without this, an exhibition is an attractive sales point. With respect to a normal bookshop, it increases the publisher's gains by about 35 percent, since it cuts out the costs of promotion, distribution, returns and discounts. This means that the cover prices can come down, and sales, hopefully, go up.

The inventor of the art catalog in Italy was the art publisher, Electa, now based in Milan. In 15 years, Electa has produced 650 catalogs and built up unmatched experience. It is now working for important foreign clients as well: the Metropolitan Museum in New York, for "The Age of Caravaggio," the Biennale de Paris, the Centre Georges Pompidou in Paris, to name but a few. Electa can boast a highly agile productive structure because it relies heavily on external

collaborators unbound by union rules regarding overtime and so forth. This makes miracle-performing much easier.

In recent years, however, a number of other publishers have tried to counterbalance the decline of the fiction and nonfiction markets by homing in on the new bonanza. Gabriele Mazzotta already had some experience in art publishing and runs a sufficiently small set-up to maintain the necessary productive flexibility. He has managed to establish his foothold. The art printers Amilcare Pizzi tried to turn publisher under the name Silvana. After a couple of attempts, the firm discovered that catalog publishing involves editorial skills that cannot be improvised overnight, so it backed down. Garzanti Editore, which has a splendid printing works where it produces many art books for foreign publishers, found that it simply was not geared to making such speedy and accurate cost estimates, and therefore decided not to get involved. But the publishing giant Mondadori, with its array of magazines and 900 book titles a year, proved

to be more determined. Three years ago it lured away some disgruntled and presumably underpaid Electa hands and set up its own art catalog unit. It is now publishing from 10 to 15 catalogs a year. But in so doing it has completely upset the status quo; or so the old-timers say. What Mondadori has really upset for the catalog publishers is not so much the status quo as the profit margins. This it has done by offering to pay royalties on the catalogs sold in the exhibition; and advanced royalties, to boot. With the recent cutbacks in public funding for the arts, local authorities have been only too happy to seize such offers of indirect financial support. Mondadori calls this collaborating over the exhibition project as a whole; they claim that they are paying for the necessary restoration of the exhibition venue, or transport costs, or insurance, in exchange for the right to publish the catalog. Investment of this sort dramatically reduces the profitability of the catalogs as such. However, it may have advantages in terms of prestige for other aspects of the company's output. This is not the

case for those who are predominantly art publishers and do not need any added prestige.

The catalog battle is now in full swing, and with some fairly ludicrous results. Electa, for instance, in order to keep out intruders from the Florence area, recently agreed to pay 36-percent royalties (an investment of 1.5 billion lire, or \$846,000) on the catalogs of a series of contemporaneous exhibitions in Tuscany on Etruscan civilization, although it was rightly convinced that, financially, the event as a whole would be a failure.

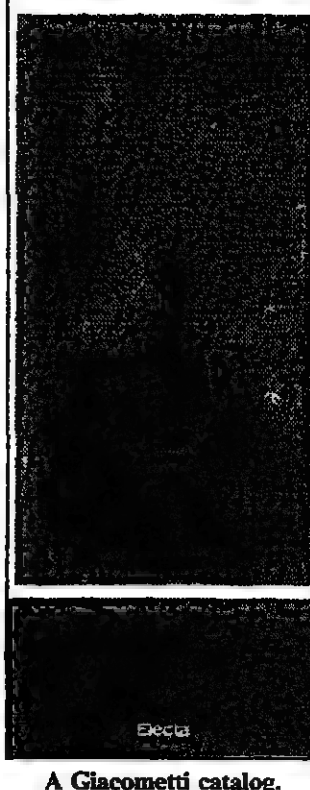
Electa is now working on alternative strategies. Using tactics successfully employed by the much smaller Mazzotta, it is aiming at arranging the exhibitions as well as the catalogs. The local authorities will thus be offered a complete package that they will simply have to schedule and house. This may not be altogether a bad thing. It could just be the beginning of a move away from those megashows and megacatalogs that in recent years have proved indigestible even to those with the most avid cultural appetites.

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Two catalogs from Electa.

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## Film Industry Pulls Out of Longest Crisis

(Continued From Page 11)  
the film industry, despite efforts to have it apply to all Italian investment in film production.

The Italian cinema now is looking to its directors to reestablish its national identity, well-known directors such as Lina Wertmüller, Liliana Cavani, Carlo Lizzani, Franco Zeffirelli, Federico Fellini, Mario Monicelli, Dino Risi and the Taviani brothers, as well as young and innovative directors such as Nanni Moretti and Peter del Monte. Dozens of projects are getting off the ground.

"1985-86" will be the year in which Italy's cinema will take a new start, said Carmine Cianfrani, president of the Italian Motion Picture Association. "Not just local film theaters being renovated but all of our technical professions—special effects, developing and printing, stage designing, and so on—are back to work."

Indeed, Cinecittà in Rome, Italy's biggest studio complex, has bounced back from a 2.8-billion-lire deficit in 1982 to a small but significant profit in 1985. During the past year, 30 films and more than 100 commercials were shot

there. Among these were Fellini's "Fred and Ginger" and Monicelli's "The Two Lives of Mattia Pascal." For the coming season, the facilities are booked solid.

Young producers are becoming involved as well. Leo Pescarolo is preparing with Marco Bellocchio a remake of "The Devil in the Flesh," and Achille Manzotti who, heading FASO films, has just completed Nanni Moretti's "Mass is Finished" and Carlo Vanzina's "Nothing Underneath," a suspense story set in the fashion world in Milan, Paris and New York.

Some producers are turning from low-quality films aimed at box-office success toward riskier films.

Such is the case with Luciano Martini, who produced Gabriele Lavia's "Scandalous Gilda" and Alberto Latuada's "Young Girls' Education" with the philosophy that artistic, sexy films with quality casts can compete with television.

Independents also are pursuing their own rigorous line. Giuliano De Negri, who produced all the Taviani brothers' films, after "Kaos," is finalizing the agreements for "Good Morning Baby-

lon," the next Paolo and Vittorio Taviani project.

It will be their first feature abroad as well as their first in English. Shooting starts in California in late 1985. The story concerns two Italians caught up in the excitement of early Hollywood, and it is set against the backdrop of the making of D.W. Griffith's 1916 epic "Intolerance."

Production by the big cinema names of low-cost comedies has dropped but new companies like Film Compost and Nini Grassia, who make exotic adventure films, and Rosewater's erotic films for teenagers, have experienced an upswing.

Many new companies, with new corporate names, tied to well-known parent companies, are springing up. This is a way of diversifying the risk and of reaching out for the subsidy guarantees of the new law.

Despite these positive signs, however, Italian directors are still complaining over the absence of an organized and logical production plan.

There has, in fact, been a transformation of the Italian cinema. Spaghetti westerns have been replaced by adventure films produced by Italians with American pseudonyms, such as Anthony Dawson (Antonio Margherita), or Roy Garrett (Mario Gariaffo), director of "Amazonia." There are also mystery action movies such as "Formula for a Murder" by Martin Albert (Alberto de Martino). These films are made directly in English mainly for a foreign market.

Italian-style comedy has become more sophisticated and is now exported: Ettore Scola's "Macaroni" is an example. The cast of actors such as Jack Lemmon and Marcello Mastroianni make it appealing to American audiences.

A certain number of films on terrorism and organized crime are back. A revival of the based-on-fact film genre is under way in Italy with three current feature produc-

tions inspired by recent news headlines.

"It's time we start doing something other than comedies or sexy pictures," says Giuseppe Ferrara who is preparing "Days of Wrath," a film about the kidnapping and assassination of Aldo Moro, with Gian Maria Volonté in the leading role.

Carlo Lizzani's "Mamma Ebe," about a controversial Italian faith healer, was a candidate at the recent Venice Film Festival.

And Pasquale Squitieri is wrapping up his "The Repenter" about Mafia informer Tommaso Buscetta starring Tony Musante and Franco Nero among other well-known actors.

Peter del Monte, the young director and author of "Little Flames," an offbeat picture about a 6-year-old girl's infatuation with a 16-year-old girl, is attracting qualified audiences.

But the big novelty for the Christmas season is the first Italian musical colossal (16 billion lire) "Joan Lui" by Adriano Celentano, which is also scheduled to travel abroad.

The producer Franco Cristaldi has put together a Franco-German-Italian package to coproduce a quality European film from Umberto Eco's best seller, "In the Name of the Rose." Shooting will start shortly in Rome at Cinecittà.

There is great suspense for Franco Zeffirelli's film of the opera "Otello" starring Plácido Domingo.

Overall, there were more than 100 Italian films made this year and the number is expected to increase as the movie industry looks for and finds new identities and new formulas.

By mid-1986, Italy and the world film market can look forward to two robust filmmaking sectors, private and public, both competing for audiences at home and abroad.

People have started going back to the movies again so some good box-office returns are expected.

## Alba Jealously Guards Truffle Fame

(Continued From Page 11)  
draftsman, "and I was offered 6 million lire (about \$3,400) for him. I wouldn't sell, and the offer went up. I still wouldn't sell, and two days later I found him dead. He'd been poisoned. I know who did it, but I have no proof."

So truffles are big business. But just how big is difficult to say. Because they cannot be cultivated and are found by ordinary people in their spare time, they are largely sold privately and directly to the consumer and thus are not subject to tax or statistical controls.

During the season, the main street of Alba is lined with tables and benches, where the truffle

display their produce. The purchasers watch, finger and sniff before deciding.

For the uninitiated, however, it is not easy to tell the difference between the Alba white truffle and others that have been "imported" from elsewhere in the Piedmont and from the Marches. For the Alba experts, the difference is enormous.

As a result, Benvenuto Boasso, president of the Alba Truffle Association, feels that the truffle would be better off if an authority were set up to give genuine Alba truffles a certificate of authenticity. They would be taxed, but the glorious name would be protected.

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## A SPECIAL REPORT ON ITALY

## In Winter, Tourists Turn to the Mountains

By Paul Bompard

ROME — For Italy, tourism is very big business, the most important single source of foreign exchange.

According to official estimates, 1985 will bring about \$10 billion worth of foreign currency into the country, a marked improvement over last year. Contributing to this result was a long hot summer and a strong dollar.

Prospects are good for the winter season as well. The tourist stream begins arriving in April and May, and reaches a peak in June, July, August and September, tapering off by October. But a healthy trickle lasts through the cold months, encouraged by lower prices, less crowded hotels and restaurants, and the absence of the tourist masses themselves in museums and other places of interest.

But if Italy is renowned for its sun-drenched beaches and islands, and the artistic and architectural wealth of its cities, it can also be an ideal setting for a mountain holiday, either in summer or winter. Now, as the summer holiday season is over, the attention of travel agents and holidaymakers is turning to the ski resorts.

According to the national tourist office, there are 357 ski resorts in Italy, many grouped in areas that include several towns or villages. They stretch from the Alps and the Dolomites, south along the Apennines to as far as Calabria and Sicily. In theory, at least, there should be ski slopes within an hour-and-a-half drive of anywhere in the country.

But the best skiing remains in the north, in the Veneto, the Alto Adige, Valle d'Aosta, Piedmont and

Lombardy. It is in these areas that foreign visitors outnumber the Italians. For the 1982-1983 season, the most recent for which official statistics are available, there were 9.45 million foreign tourists/days against 7.875 million Italian. Both figures may be higher, since small hotels and pensions will sometimes not declare all their guests to avoid taxation. The great majority of foreigners are Germans, followed by Austrians, British and French.

"There are some places," said a Roman ski buff, "where the skiers are virtually all German or Austrian, in the Val Gardena, for instance. An Italian feels practically like a foreigner there. The Val Gardena is in the Dolomites south of Austria."

Of all the Italian resorts, Cortina d'Ampezzo, also in the Dolomites, is the most famous, and was already a favorite holiday spot of Europe's high society when it was still part of the Austrian Empire. Today, it combines tradition and old world charm with 160 kilometers (100 miles) of some of the best slopes in Italy. Cortina d'Ampezzo hosted the 1956 Winter Olympics and is a strong candidate for the 1992 Games.

"At the moment, the 1985-86 season looks good," said Antonio di Pinto of the Cortina Hotels Association. "Reservations are better than last year and there is an increase of Americans."

The other top ski resorts in Italy are Cervinia and Courmayeur, in the Valle d'Aosta; Madonna di Campiglio in the Trentino, south of Austria and east of Switzerland; and Sestriere, on the border of Piedmont with France.



High above the Valle d'Aosta.

Italian Tourist Office

It is in the Sestriere area that a company of the Agnelli family, the Fiat owners, is investing more than \$80 million over the next four years to make this Europe's most modern and well-equipped ski resort. An attraction is what is being euphemistically called "programmed snow." Batteries of 450 "snow cannons," most of which are already working this year, will ensure snow-covered slopes whether it snows or not. In simple terms, water is pumped in at one end and shot out as snow at the other.

"In this way," said Tiziana Nasi, president of the Sestriere Spa Company, "we can ensure adequate coverage, even in November, when the natural snowfall is often insufficient." Research by the company has shown that potential demand

for skiing is strong in the early winter, but tends to decrease toward the end of the winter, when there is more snow but people are already looking forward to the summer.

On the whole, prospects for the season are good. "We have made enquiries with hoteliers, shops that sell ski equipment and so on, and the indications are that, snow permitting, this will be a very good year for Italian ski resorts," a Sestriere Spa executive said.

More good news for Italy's balance of payments is that this month, the American Society of Travel Agents held its annual convention in Rome. In the past, the convention has meant a boost for tourism in the country where it was held.

## Montedison's Small Steps to Profitability

Sari Gilbert

MILAN — Miracles are rare in the business world as they are in life. But in recent years, Italian private industry has been blessed by at least two of them: the turnaround of the Fiat automobile company and, more recently, the return to productive and financial health of Montedison, the giant chemical company.

At the moment, Montedison is the most widely traded company on the increasingly lively Milan stock exchange, and this year it expects to turn a small profit for the first time since 1979, when years of financial hemorrhaging came to a temporary halt.

The profit will not be much. Milanese financial insiders expect it to be between \$28 million and \$56 million. But it is an impressive result when one remembers that only three years ago, in 1982, Montedison ran losses of half a billion dollars — equal to 9.5 percent of that year's sales — and was rumored to be near financial collapse.

Having witnessed years of Montedison's problems, some observers treat turnaround talk with skepticism. The company's high debt-to-equity ratio, heavy interest charges and persistent indebtedness — 4.2 trillion lire (\$2.4 billion) in 1984 — raise concern over the firm's financial structure, they say.

But there is little doubt that, as 1985 draws to a close, the company's outlook is decidedly more improved than at any other time in recent memory.

Shorn of its most unproductive branches, restructured, reorganized, rationalized and internationalized, Montedison, since 1982, has drastically cut its losses — to \$47 million in 1984 — while registering annual sales of more than \$7 billion.

In addition, in a move four years ago that is already having a significant implication for Italy's strongly mixed economy, this formerly state-controlled chemical conglomerate was reprivatized, changing both the ownership and the decision-making basis of daily and strategic management.

Following the establishment of new industry guidelines in 1980 by the Ministry of State Industry, Mario Schimberni, the president of Montedison, persuaded the government to sell the state's controlling 17.5-percent share to a consortium of private Italian industrial groups and small shareholders.

This proved to be a turning point. "The change was of immeasurable importance in that it allowed us to start running the company on a profit motive," said Howard Harris, an American who is a Montedison board member.

Earlier, Mr. Harris said, Montedison was production- or technology-oriented rather than market responsive, and major strategic decisions appear to have been made on the basis of regional, political and social criteria. Montedison resulted from the 1966 merger of Montecatini, mostly a chemicals firm, and Edison.

During the 1970s, for example, Montedison was caught in a major economic squeeze. With labor costs at a high, the heavily expanded petrochemical sector was thrown into a tailspin by the energy crisis. Nevertheless, the weight of government control led management to put politics before profit. This was further magnified by the fact that the giant state holding company, the Istituto per la Ricostruzione Industriale (IRI), controlled many of the banks holding the company's loans.

But if freeing the company from government interference set the

stage for economic recovery, it was not in itself enough. Under Mr. Schimberni's leadership, a policy has been undertaken that is gradually bringing Montedison back to economic health.

Shortly after taking over as president in 1980, Mr. Schimberni reorganized the company, converting its major operating divisions into seven autonomous companies under the umbrella of the Montedison SPA holding company, which was formally established in January 1981.

This was done for financial reasons as well as to obtain greater management efficiency and flexibility. But it also facilitated new financing for the healthy sectors of the Montedison empire, which now more visible, could more easily attract investors. A year later, a \$473-million capital increase was floated to give the new company ample funds to finance its changes.

In fact, the transfer of the state's share from the IRI and ENI state holding companies to Gemina, a financial company owned jointly at the time by the Agnelli, Pirelli, Orinasso and Bonomi families and including hundreds of small shareholders was followed in early 1982 by the assembly of a new management team that included several non-Italians.

Next, the Montedison portfolio was reviewed. The company's assets were divided roughly into five categories: those to be divested immediately, those to be divested as soon as possible, those to be held on to and milked for their cash flow, growth businesses and companies lying in what one executive referred to as "the twilight zone."

The first major divestments came from an agreement in March 1983 with Ente Nazionale Idrocarburi, ENI, the state-owned oil group, in which ENI got three of Montedison's five thermoplastic companies and its ethylene man-

facturing capacity. In return, Montedison took over ENI's polypropylene and polystyrene plants and was paid more than \$280 million.

As part of a widespread rationalization plan that was designed in part to reduce its commitment to basic chemicals, Montedison also ended its production of cellulose and nylon fibers on the ground that it could not compete in these mature commodity sectors.

A national and international restructuring program put into effect by Montedison, the independent Montedison operating company that had been put into receivership in the late 1970s, changed that company's profile, leaving it the largest acrylics producer in Western Europe and a European leader in the polyester sector. In the process, Montedison was able to reduce its labor force by more than 22,000 workers.

Montedison also made concerted efforts to internationalize because it was believed that operations had to be seen in the context of a worldwide market.

In short, this meant playing up the firm's advantages, specifically on polypropylene and fine and specialty chemicals, to form useful and profitable alliances.

Following the ENI agreement, Montedison found itself first in Europe in the polypropylene and polystyrene sectors. Thus, it was natural for it to seek a North American partner with a strong productive capacity and market position. The result was a ground-breaking joint venture with Hercules, a chemicals and plastics company, that in April 1983 led to the creation of Himont, Inc., which is based in Wilmington, Delaware. Himont is currently the leading polypropylene and polystyrene producer, with 20 percent of the world market.

## Privatization: A Shift To the Stock Exchange

ROME — The Italian government's policy of encouraging privatization, which led to the Montedison reprivatization plan in 1980, is now taking a new course.

It is characterized primarily by the sale through the stock exchange of significant stakes of state-controlled companies, particularly those owned by the giant state holding company IRI, the Istituto per la Ricostruzione Industriale.

This privatization, which would have been unthinkable not long ago in Italy, in part reflects the country's current favorable business climate.

It also reflects the fact that in recent years many state-run companies have greatly improved their business and financial performance, thereby becoming attractive to potential investors.

But, to a large extent, the new trend bears the signature of Romano Prodi, the chairman of IRI. He made a strong appeal last spring for more privatization while defending IRI's controversial, and now stalled, sale of its SME food producer.

Mr. Prodi appeared to see partial privatization of state-run firms as both a means of raising money for IRI, which last year ran losses of almost 3 trillion lire (\$1.7 billion), and as a relatively painless way of forcing state companies to respond to market conditions rather than to political and social criteria.

Over the last two years, IRI has sold off assets valued at considerably more than 3 trillion lire, but over the last few months the trend has quickened.

IRI officials were no doubt encouraged by the similar experience of ENI, the state-run energy holding company. Last year, ENI's operating company, SAIPEM, which is involved in drilling and oil pipe-laying, raised 120 billion lire by floating 20 percent of its shares on the Milan stock exchange.

IRI recently authorized Sirti, its telecommunications equipment company, to sell more than 40 percent of its shares on the exchange.

And, in August, it approved plans to sell 12 percent of the Milan-based Banca Commerciale Italiana, Italy's second largest bank, to Italian and European investors. IRI had already reduced its stake in the bank from 88 percent to 73 percent by selling shares on the exchange. The new placement was designed to bring its stake down to 61 percent.

The most significant transaction of this sort was announced in early September, when it became known that 35 percent of the state's interest in SIP, the Italian telephone company, equal to 120 million shares, was to be offered to the public, 50 million of which was to go to foreign institutional investors.

This was expected to bring down IRI's stake in SIP (through Siet, the telecommunications holding company) to 51 percent. The IRI-controlled state airline, Alitalia, has also sold about 10 percent of its preferred shares to the public and is expected to increase that to as much as 25 percent, possibly by the end of the year.

Mr. Prodi's recent partial privatization moves have been helped by the responsiveness of the stock market, as well as by a new regulation by CONSOB, the Italian securities and exchange commission, under which all companies quoted must sell at least 25 percent of their equity to the public.

However, his attempts to sell companies outright have been far less successful.

Two years ago, the sale of a large agricultural concern at Macerata, near Rome, was blocked by litigation sparked by trade unions. And last April's attempt to sell SME to financier Carlo de Benedetti, who had bought the somewhat smaller Buitoni Company, was blocked by Prime Minister Bettino Craxi. Mr. Craxi said that the price accepted from Buitoni — 497 billion lire — was insufficient.

— SARI GILBERT

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David Seymour, *Disturbed orphan*, 1948



Werner Bischof, *In the ruins of Warsaw*, 1947



Henri Cartier-Bresson, *The Ascot Train*, Waterloo Station, London 1953



Erich Lessing, *Railroad workers*, 1956



Photographs by Werner Bischof, René Burri, Robert Capa, Henri Cartier-Bresson, Elliot Erwitt, Ernst Hass, Erich

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**Herald Tribune**



NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
Telex Corp.	22.00	21.75	21.75	-0.25	-1 1/2
Chrysler	21.00	20.75	20.75	-0.25	-1 1/2
AT&T	20.00	19.75	19.75	-0.25	-1 1/2
IBM	19.00	18.75	18.75	-0.25	-1 1/2
Amgen	18.00	17.75	17.75	-0.25	-1 1/2
Amgen	17.00	16.75	16.75	-0.25	-1 1/2
Amgen	16.00	15.75	15.75	-0.25	-1 1/2
Amgen	15.00	14.75	14.75	-0.25	-1 1/2
Amgen	14.00	13.75	13.75	-0.25	-1 1/2
Amgen	13.00	12.75	12.75	-0.25	-1 1/2

Dow Jones Averages					
Open	High	Low	Last	Chg.	
Index	1457.37	1457.37	1457.37	0.00	0.00
Indust.	1457.37	1457.37	1457.37	0.00	0.00
Transp.	1457.37	1457.37	1457.37	0.00	0.00
Utilities	1457.37	1457.37	1457.37	0.00	0.00
Finance	1457.37	1457.37	1457.37	0.00	0.00

NYSE Index					
High	Low	Open	Close	Today's	
Composite	114.94	114.97	114.97	114.97	0.00
Industrials	114.94	114.97	114.97	114.97	0.00
Transp.	114.94	114.97	114.97	114.97	0.00
Utilities	114.94	114.97	114.97	114.97	0.00
Finance	114.94	114.97	114.97	114.97	0.00

Wednesday's					
NYSE					
Closing					
Vol. of 3 P.M.		27,530,000			
Prev. 3 P.M. vol.		108,230,000			

AMEX Diaries					
Advanced	Declined	Unchanged	Total Issues	New Highs	New Lows
272	241	241	754	11	11
272	241	241	754	11	11
272	241	241	754	11	11
272	241	241	754	11	11
272	241	241	754	11	11

NASDAQ Index					
Week	Year	Open	Close	Today's	
30.85	30.71	30.41	30.41	30.41	0.00
30.85	30.71	30.41	30.41	30.41	0.00
30.85	30.71	30.41	30.41	30.41	0.00
30.85	30.71	30.41	30.41	30.41	0.00
30.85	30.71	30.41	30.41	30.41	0.00

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
Amgen	22.00	21.75	21.75	-0.25	-1 1/2
Amgen	21.00	20.75	20.75	-0.25	-1 1/2
Amgen	20.00	19.75	19.75	-0.25	-1 1/2
Amgen	19.00	18.75	18.75	-0.25	-1 1/2
Amgen	18.00	17.75	17.75	-0.25	-1 1/2
Amgen	17.00	16.75	16.75	-0.25	-1 1/2

Dow Jones Bond Averages					
Open	High	Low	Last	Chg.	
Index	1457.37	1457.37	1457.37	0.00	0.00
Indust.	1457.37	1457.37	1457.37	0.00	0.00
Transp.	1457.37	1457.37	1457.37	0.00	0.00
Utilities	1457.37	1457.37	1457.37	0.00	0.00
Finance	1457.37	1457.37	1457.37	0.00	0.00

NYSE Diaries					
Advanced	Declined	Unchanged	Total Issues	New Highs	New Lows
272	241	241	754	11	11
272	241	241	754	11	11
272	241	241	754	11	11
272	241	241	754	11	11
272	241	241	754	11	11

Odd-Lot Trading in N.Y.					
Nov. 19	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 14
114.94	114.97	114.97	114.97	114.97	114.97
114.94	114.97	114.97	114.97	114.97	114.97
114.94	114.97	114.97	114.97	114.97	114.97
114.94	114.97	114.97	114.97	114.97	114.97

Standard & Poor's Index					
High	Low	Open	Close	Today's	
221.89	221.89	221.89	221.89	221.89	0.00
221.89	221.89	221.89	221.89	221.89	0.00
221.89	221.89	221.89	221.89	221.89	0.00
221.89	221.89	221.89	221.89	221.89	0.00
221.89	221.89	221.89	221.89	221.89	0.00

AMEX Sales					
3 P.M. volume	Prev. 3 P.M. volume	Prev. 3 P.M. volume	Prev. 3 P.M. volume	Prev. 3 P.M. volume	Prev. 3 P.M. volume
7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000
7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000
7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000
7,750,000	7,750,000	7,750,000	7,750,000	7,750,000	7,750,000

AMEX Stock Index					
High	Low	Open	Close	Today's	
221.89	221.89	221.89	221.89	221.89	0.00
221.89	221.89	221.89	221.89	221.89	0.00
221.89	221.89	221.89	221.89	221.89	0.00
221.89	221.89	221.89	221.89	221.89	0.00
221.89	221.89	221.89	221.89	221.89	0.00

## Stocks Mixed, Trading Moderate

**United Press International**  
NEW YORK — The New York Stock Exchange was mixed late Wednesday in moderate trading.  
The Dow Jones industrial average was up 1.95, to 1,440.94, shortly before 3 P.M. Declines were slightly ahead of advances among the 1,978 issues crossing the NYSE tape.  
Volume slowed to about 89.5 million shares from 108.2 million in the same period Tuesday. Before the market opened, the Commerce Department reported that the U.S. gross na-

of economic "normalcy" appears to be in effect.  
"You can buy a stock, put it away and forget about it without worrying about wild swings," Mr. Ackerman said.  
In addition, he said, if the Geneva summit eases tensions between the superpowers, potential cuts in defense spending could help other areas of the economy.  
Stephen Weissglass, chairman of the executive committee at Ladenburg, Thalmann & Co., said the Dow would move above 1,500 this year and "considerably higher in 1986."  
Mr. Weissglass said favorable comparisons between 1986 corporate profits and 1985 earnings, lower interest rates and "non-existent" inflation will give investors confidence that companies can grow at a reasonable rate.

Although prices in tables on these pages are from the 4 P.M. close in New York, for time reasons, this article is based on the market at 3 P.M.  
The figure was higher than the 3.3 percent estimate of third-quarter growth that the government issued last month.  
Some analysts said the news might hamper the stock market's progress if equities continue to follow the lead of the bond market. Bond prices at first weakened because strong GNP growth relieves the need for the Federal Reserve Board to lower interest rates in order to stimulate the economy.  
Recent rallies in the bond and equity markets have been stimulated by interest rate declines and expectations that rates will fall further.  
But Alan Ackerman, of the brokerage firm of Herzfeld & Stern, said the market was merely pausing and that, after recent advances, it was "entitled to a breather." He said that while the market could retrace some of its recent move upward, what is more important is that a period

of economic "normalcy" appears to be in effect.  
"You can buy a stock, put it away and forget about it without worrying about wild swings," Mr. Ackerman said.  
In addition, he said, if the Geneva summit eases tensions between the superpowers, potential cuts in defense spending could help other areas of the economy.  
Stephen Weissglass, chairman of the executive committee at Ladenburg, Thalmann & Co., said the Dow would move above 1,500 this year and "considerably higher in 1986."  
Mr. Weissglass said favorable comparisons between 1986 corporate profits and 1985 earnings, lower interest rates and "non-existent" inflation will give investors confidence that companies can grow at a reasonable rate.  
Texaco was the most active NYSE-listed issue, and lower. A jury in Houston on Tuesday ordered Texaco to pay Pennzoil Co. more than \$10.5 billion, the largest damage judgment in U.S. history, for causing Getty Oil Co. into a merger despite an existing buyout contract with Pennzoil. Texaco officials said they would file an immediate appeal. Pennzoil was slightly higher after jumping 7 1/2 Tuesday.  
Sea-Land Corp. was up a bit after climbing 2 1/4 Tuesday when the containerized freight shipping company received a \$25-a-share offer from Contran.  
Church Fried Chicken was higher in active trading. The company said it knew of no reason for the heavy activity in its stock.  
Allied-Signal was losing ground. The aerospace and electronics giant formed by a merger of the two firms in September announced a major reorganization designed to save the company \$250 million and eliminate 3,000 jobs.

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close					
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2
14 1/2	12 1/2	10 1/2	10 1/2	10 1/2	10 1/2

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close</
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By EDWARD ROHRBACH  
*International Herald Tribune*

**"Stock prices can only go so high before the market will demand actual confirmation."**

(Continued on Page 21, Col. 1)

[illegible]

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
3-month	8-9 1/2	4-4 1/4	3 1/2-4 1/2	11 1/2-11 3/4	8 1/2-8 3/4	8 1/2-8 3/4	7 1/2
6-month	8-9 1/2	4-4 1/4	3 1/2-4 1/2	11 1/2-11 3/4	8 1/2-8 3/4	8 1/2-8 3/4	7 1/2
9-month	8-8 1/2	4-4 1/4	4-4 1/4	11-11 1/2	7 3/4-8	8 1/2-8 3/4	7 1/2
12-month	8-8 1/2	4-4 1/4	4-4 1/4	11-11 1/2	7 3/4-8	8 1/2-8 3/4	7 1/2
1-year	8-8 1/2	4-4 1/4	4-4 1/4	11-11 1/2	7 3/4-8	8 1/2-8 3/4	7 1/2

Sources: Morgan Guaranty (dollars); D.M. S.F. (Dollars, FF); Florida Bank (ECU); Reuters (SDR). *Not available for all currencies.*

United States	Client	Prev.		
Discount Rate	7 1/2	7 1/2	1 month	5 - 5 1/2%
Federal Funds	7 1/4	7 1/4	2 months	5 - 5 1/2%
Prime Rate	7 1/2	7 1/2	3 months	5 - 5 1/2%
90-day T-bill	7 1/4	7 1/4	6 months	5 - 5 1/2%
1-year T-bill	7 1/4	7 1/4		5 1/2 - 5 3/4%
Com. Paper 90-120 days	7 1/4	7 1/4		
3-month Treasury bill	7 1/4	7 1/4		
6-month Treasury bill	7 1/4	7 1/4		
CD's 20-90 days	7 1/4	7 1/4		
CD's 90-360 days	7 1/4	7 1/4		

Source: Reuters.

1 month	8-8 1/2%
2 months	8-8 1/2%
3 months	8-8 1/2%
6 months	8-8 1/2%
1 year	8 1/2-9 1/2%

Source: Reuters.

**Merrill Lynch Ready Assets** ..  
**30 day average yield:** 7.55  
**Telerate Interest Rate Index:** 7.805  
*Source: Merrill Lynch, Telerate.*

# Gold

	Nov. 30		
	A.M.	P.M.	Close
Hong Kong	324.20	324.65	+0.35
Luxembourg	325.60	—	+1.35
Zurich (T.S. & H.)	326.16	327.79	+1.90
Zurich	324.25	325.90	+1.50
London	325.65	325.65	+1.30
New York	—	326.70	+2.20

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York Comex current contract. All prices in U.S. \$ per ounce.

Source: Reuters

Financial markets were closed Wednesday in West Germany for a holiday.

*Compiled by Our Staff From Dispatches*

A central bank spokesman said the three institutions had been practicing serious irregularities for more than a year. He did not elaborate. The government said it would seek buyers for the three banks.

(AP/UPI Reuters)

Zbigniew Kautz, head of the Polish delegation in Paris, was quoted Tuesday by the daily newspaper *Slowo Powszechnie* as saying that the Paris Club had agreed to reschedule payments but not to grant Poland new credits.

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By Alan Cowell

Now, a little more than three years later. Mr. (Continued on Page 21, Col. 1)

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# Wednesday's NYSE Closing

Tables include the nationwide prices  
up to the closing on Wall Street  
and do not reflect late trades elsewhere.12 Month  
High Low Stop Div. Yld. PE 52-Week High Low Close Chg.

(Continued from Page 16)

Stock	High	Low	Stop	Div.	Yld.	PE	52-Week High	52-Week Low	Close	Chg.
3M	31.75	31.50	31.50	1.25	11	12	32.00	30.00	31.75	+0.25
AT&T	21.75	21.50	21.50	1.00	11	12	22.00	20.00	21.75	+0.25
IBM	117.50	117.00	117.00	4.00	11	12	118.00	115.00	117.50	+0.50
Intel	35.00	34.50	34.50	1.00	11	12	36.00	33.00	35.00	+0.50
Microsoft	45.00	44.50	44.50	1.00	11	12	46.00	43.00	45.00	+0.50
Oracle	25.00	24.50	24.50	1.00	11	12	26.00	23.00	25.00	+0.50
Sun	20.00	19.50	19.50	1.00	11	12	21.00	18.00	20.00	+0.50
VLSI	15.00	14.50	14.50	1.00	11	12	16.00	13.00	15.00	+0.50
Wang	10.00	9.50	9.50	1.00	11	12	11.00	8.00	10.00	+0.50
Yale	5.00	4.50	4.50	1.00	11	12	6.00	3.00	5.00	+0.50

37 1/2 21 1/2 PHH 1.00 3.0 3.2 7.0 3.0 3.0 3.0 1.0

U.S. Futures

Via The Associated Press

Nov. 20

Season Low Open High Low Close Chg.

Grains

WHEAT (CBT)

5,000 bu. minimum, dollars per bushel

Dec. 1985 1.25 1.25 1.25 1.25 1.25 1.25

Mar. 1986 1.25 1.25 1.25 1.25 1.25 1.25

May 1986 1.25 1.25 1.25 1.25 1.25 1.25

Aug. 1986 1.25 1.25 1.25 1.25 1.25 1.25

Nov. 1986 1.25 1.25 1.25 1.25 1.25 1.25

Feb. 1987 1.25 1.25 1.25 1.25 1.25 1.25

May 1987 1.25 1.25 1.25 1.25 1.25 1.25

Aug. 1987 1.25 1.25 1.25 1.25 1.25 1.25

Nov. 1987 1.25 1.25 1.25 1.25 1.25 1.25

Feb. 1988 1.25 1.25 1.25 1.25 1.25 1.25

May 1988 1.25 1.25 1.25 1.25 1.25 1.25

Aug. 1988 1.25 1.25 1.25 1.25 1.25 1.25

Nov. 1988 1.25 1.25 1.25 1.25 1.25 1.25

Feb. 1989 1.25 1.25 1.25 1.25 1.25 1.25

May 1989 1.25 1.25 1.25 1.25 1.25 1.25

Aug. 1989 1.25 1.25 1.25 1.25 1.25 1.25

Nov. 1989 1.25 1.25 1.25 1.25 1.25 1.25

Feb. 1990 1.25 1.25 1.25 1.25 1.25 1.25

May 1990 1.25 1.25 1.25 1.25 1.25 1.25

Aug. 1990 1.25 1.25 1.25 1.25 1.25 1.25

Nov. 1990 1.25 1.25 1.25 1.25 1.25 1.25

Feb. 1991 1.25 1.25 1.25 1.25 1.25 1.25

May 1991 1.25 1.25 1.25 1.25 1.25 1.25

Aug. 1991 1.25 1.25 1.25 1.25 1.25 1.25

Nov. 1991 1.25 1.25 1.25 1.25 1.25 1.25

Feb. 1992 1.25 1.25 1.25 1.25 1.25 1.25

May 1992 1.25 1.25 1.25 1.25 1.25 1.25

Aug. 1992 1.25 1.25 1.25 1.25 1.25 1.25

Nov. 1992 1.25 1.25 1.25 1.25 1.25 1.25

Feb. 1993 1.25 1.25 1.25 1.25 1.25 1.25

May 1993 1.25 1.25 1.25 1.25 1.25 1.25

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## Hamburg May Sell Part Of MBB Stake to BMW

By Warren Geder  
International Herald Tribune

FRANKFURT — Hamburg Economic Ministry officials are saying privately that the city-state is prepared conditionally to sell a portion of its interest in the aerospace group, Messerschmitt-Bölkow-Blohm GmbH, to West German automaker Bayerische Motoren Werke AG.

The readiness of Hamburg to sell some of its 18.3 percent interest to BMW could be a determining factor in BMW's quest to obtain a majority stake in MBB.

There have been reports recently that the state governments of Hamburg and Bremen are not interested in disposing of their MBB holdings. However, high-placed Hamburg government officials are intimating that this does not exclude flexibility for Hamburg in selling some of its interest.

Officials in Bremen, which holds only a 3 percent stake, were not available for comment Wednesday.

BMW's interest in acquiring MBB surfaced last week when it was disclosed by Bavarian government officials that the state, which holds a 24 percent stake in MBB and is a major industrial partner for the Munich-based group, had been holding talks with BMW, also based in Munich, about the

automaker's acquiring a controlling interest in MBB.

A BMW spokesman said the company chairman, Eberhard von Kuenheim, is preparing a letter to the Bavarian government outlining his board's preconditions for a takeover. The chief condition, he said, is acquiring an absolute majority, 51 percent, of MBB's current equity.

There is some skepticism at the company about this prospect.

Industry sources say the acquisition of 51 percent would cost 800 million to 1 billion Deutsche marks (about \$306 million to \$380 million).

In a telephone interview, a senior Hamburg Economics Ministry official said that Hamburg would be willing to sell some of its MBB shares if BMW agreed to guarantee job security at MBB operations in the state and if the Bavarian government agreed to sell at least as much of its stake in the aerospace group to BMW.

The governments of Hamburg and Bavaria hold, as part of their total interest, a joint 35.3 percent stake in MBB, about 10 percent of which might be considered for sale to BMW, both Hamburg and Bavaria officials have said.

Bavaria also has a 7 percent direct stake, which could also be included.

## Simmons Offers \$580 Million for Sea-Land Corp.

Los Angeles Times Service

LOS ANGELES — A company headed by the Dallas businessman Harold Simmons has offered to buy Sea-Land Corp. for \$25 a share, or a total of \$580.8 million.

Contran Corp., a Dallas-based diversified holding company headed by Mr. Simmons, said Tuesday that the offer is subject to several conditions, including the completion of financing and acceptance of the offer by Sea-Land.

Sea-Land, based in Menlo Park, New Jersey, is an international transportation services company and one of the largest U.S. flag carriers of containerized shipping. The company said that its directors will consider the offer on Nov. 25.

Sea-Land's stock, the second most active in trading on the New York Stock Exchange Tuesday, closed up \$2.50, at \$24.75.

Mr. Simmons has been buying Sea-Land stock on the open market since last July, when he disclosed plans to acquire 15 percent of the 23.3 million shares outstanding. As of Tuesday, his Amalgamated Sugar Co. of Odessa, Utah, held about 10 percent of Sea-Land's stock.

## Voest of Austria Expects Record \$163-Million Loss

Reuters

VIENNA — Voest-Alpine AG is heading for record losses this year of 3 billion schillings (\$163 million), a spokesman for the government holding company, Österreichische Industrieverwaltungs AG, said Wednesday.

Its continuing losses, despite restructuring and diversification, have caused OIAG to consider reorganizing Voest and its divisions into a parent company and independent subsidiaries, he said.

Voest had parent company losses of 2.48 billion schillings in 1984 after a loss of 2.59 billion in 1983.

The OIAG spokesman said Voest revenue would be 50 billion to 60 billion schillings this year after 48.1 billion in 1984 and 48.7 billion in 1983.

The OIAG spokesman said losses were being incurred in the new areas where Voest had diversified — special engineering and electronics — while the traditional steel production, as less in the main Linz works, was profitable. A third of Voest's revenue was generated by products it was not involved in five years ago, he noted.

The idea of reorganizing Voest is still tentative, he said. "These considerations are at an early stage, they are just thoughts, there is no plan," he said.

Restructuring into a parent and independent subsidiaries has been successful with two other OIAG subsidiaries, Austria Metall AG and Voest's special-steels subsidiary, Vereinigte Edelmetallwerke AG, he said.

Setting up a central parent company to produce the basic materials and independent processing subsidiaries increased efficiency, he said.

VEW will still have a loss this year, but it will be less than the parent company losses of 1.95 billion schillings in 1984 and 2.35 billion in 1983, on revenue of 9.71 billion, he said.

## Finnish Valmet Weighs Takeover of Beloit Corp.

Reuters

HELSINKI — Valmet OY, Finland's government-owned engineering group, is interested in the purchase of its main competitor, Beloit Corp. of the United States, company sources said Wednesday.

They said Valmet had been approached by Merrill Lynch about a possible takeover of Beloit, the paper machinery maker, which would give Valmet one-third of the world market. The sources said Merrill Lynch had probably approached other companies than Valmet.

can agree. World prices for semiconductors are plummeting. If a company marks down its prices, noted a Foreign Ministry official in Tokyo, "it's very difficult to know whether that's due to economic conditions or dumping."

One Japanese official said Wednesday that no such proposal had been made, while other officials merely declined to give details of the talks.

But Mark E. Foster, the Tokyo representative of the U.S. Electronic Industries Association, said an official at the Ministry of International Trade and Industry, or MITI, had shown him such a proposal this week and had said it would be put to the Americans.

## Texaco Has 3d Angola Find

Reuters

WHITE PLAINS, New York — Texaco Inc. said Wednesday its third oil discovery off Angola flowed at a rate of 3,672 barrels a day. It called the discovery significant and said it is proceeding with development of the two fields already discovered nearby.

## Bahrain Wants Banks to Merge To Trim Costs

Reuters

MANAMA, Bahrain — The government has asked five banks to consider merging to reduce costs in the face of a Gulf-wide recession that is eroding the profits of financial institutions, several bankers said Wednesday.

The banks — identified as the Bahrain & Kuwait Investment Group, the Bahrain International Bank, the Bahrain Middle East Bank, the Kuwait Asia Bank and the United Gulf Bank — received a letter this month from the Bahrain Monetary Agency suggesting they combine, these bankers said.

A senior banker said the chairman of the banks would meet next week to discuss forming one institution with a large capital base.

## Japan Vows 'Quick' Action on Semiconductors

By John Burgess

TOKYO — Japan, worried by mounting allegations from the United States that its companies are unfairly trading in the electronic chips known as semiconductors, said Wednesday that it would move to settle the issue "quickly and realistically."

The statement followed three hours of discussions between Japanese and U.S. negotiators. Japanese officials declined to disclose the substance of the talks, which appear to have been limited to broad principles.

Before the meetings, the Japanese were reported to be planning to propose setting a "floor price" for semiconductors exported by Japanese companies, in hopes of dampening charges that these companies were dumping, or illegally selling below cost, their chips in foreign markets.

Japanese companies sold about \$1.6 billion worth of semiconduc-

tors in the United States in 1984 and gained an increasing share of that market. U.S. companies made sales of \$680 million in Japan and say their market share has stagnated at about 10 percent, even though they dominate sales virtually everywhere else in the world.

Trade in the chips, which are used as building blocks in computers, has long caused tension between the two countries. It has escalated this year as the U.S. semiconductor industry has shipped into a heavy recession and begun filing petitions against the Japanese under Section 310 of the 1974 Trade Act.

One petition, submitted by the U.S. Semiconductor Industry Association, alleges that Japan unfairly discriminates against foreign suppliers in its home market. The Japanese deny that such barriers exist and say U.S. products are simply not as competitive as the ones made by Japanese companies.

Among other complaints, one

filed by three U.S. producers — Intel Corp., National Semiconductor Corp., and Advanced Micro Devices — and one filed by Micron Technology Inc., allege that a variety of Japanese companies are dumping their chips in the United States. On Micron's petition, the U.S. International Trade Commission has made a preliminary ruling against the Japanese.

Fearful of more such complaints, and rulings, Japanese officials have long considered the idea of establishing a floor price. It would be computed by the Japanese and represent an official estimate of the cost of production. Sales below that price would be barred.

But neither the United States nor Japan is comfortable with this idea, because it means new regulations, and suggests the creation of a cartel and the reining-in of free trade. But it has been used in the past with other products, such as steel.

The goal is to create a definition of dumping on which both sides

## Dutch Disclose Details of Market-Opening Plan

Reuters

THE HAGUE — The Netherlands disclosed on Wednesday details of its plan to fully deregulate and open its capital markets by Jan. 1, in a bid to keep pace with liberalization in competing financial centers.

Finance Minister Onno Ruding told a news conference that the liberalization measures, including a range of new free-market financing instruments and an easing of constraints on the activities of non-Dutch institutions, would come into effect Jan. 1.

Full liberalization was needed to keep pace with similar developments in such competing centers as West Germany, he said.

Under the new measures, some details of which leaked out of the Finance Ministry last week, all existing restrictions on the issue and redemption of domestic guilder loans and Euroguilder notes issues will be abolished.

Floating-rate notes will also be permitted, but index-linked loans and zero-coupon bonds will not be introduced, contrary to what was speculated on in recent press reports on the deregulation, Mr. Ruding said.

Both short-term, guilder-denominated commercial paper and certificates of deposit will be introduced under the new regulations. The Dutch central bank's system of a rotating calendar of issues will also be made far more flexible, Mr. Ruding said.

Although Dutch markets are already relatively free, with no capital restrictions and borrowing in any currency allowed, the capital



Onno Ruding

market will be further opened to foreign institutions. The current limit of 20 percent on the amount of a loan that a foreign bank may underwrite is to be increased to one-third of the total, Mr. Ruding said.

He added that, contrary to speculation, only registered and approved Dutch subsidiaries of foreign banks, and not wholly foreign institutions, would be permitted to lead-manage loans.

The Dutch government expected that the latter measure would facilitate the activities of Dutch banks abroad, Mr. Ruding said.

The Dutch measures were designed to encourage other governments to reciprocate with a similar easing of constraints on the activities of foreign institutions and thereby further develop international financial cooperation, Mr. Ruding said.

The Netherlands hopes that

these steps will provide a good example for other countries and, in particular, its partners in the European Community to follow, Mr. Ruding said.

Mr. Ruding said the need to preserve and further strengthen the position of Amsterdam in the face of mounting competition from other markets was a major factor behind the deregulation plans.

Mr. Ruding said he expected the range of new instruments to bolster Amsterdam's position as a major money-raising center in Europe,

currently dominated by the free London market.

He cited the issue of short-term commercial paper by major companies and bank certificates of deposit as important steps aimed specifically at creating a Dutch equivalent to significant markets in these securities, which are well-developed in New York and London.

As far as the other effects of the measures are concerned, the authorities will have to see how the market itself develops as a result of the deregulation.

### Weekly net asset value

Tokyo Pacific Holdings N.V.

on Nov. 18, 1985: U.S. \$148.74.

Listed on the Amsterdam Stock Exchange

Information: Pierson, Haidring & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

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The personnel section, Bank for International Settlements, 4002 Basle, Switzerland.

## COMPANY NOTES

Barrat Developments PLC, reporting that reduced debt and interest costs and lower overhead are improving its profitability in the ailing British housing market, said it is limiting commercial development and has acquired nine residential development sites in south-east England since July 1.

G.J. Coles & Co. of Melbourne said it will buy up all outstanding shares in Myer Emporium Ltd. after gaining more than 90 percent in a takeover bid. Shareholders approved the new name Coles Myer Ltd. and a doubling in nominal capital to 500 million dollars (\$335 million).

Du Pont Co. plans to build a \$120-million plant at its site in Contern-Hesperange, Luxembourg, to produce Tyvek, a materi-

al used for packaging and industrial clothing. The plant is to start production in 1988.

Hopewell Holdings Ltd. said it had sold, at cost, a 5-percent stake in the China Hotel in Canton to Kanematsu Goshu (HK) Ltd. Hopewell paid \$25 million for 25 percent of the hotel, completed in June 1984.

Seattle-First National Bank is negotiating the sale of its assets in Taiwan to foreign banks, with at least three, including Westpac Banking Corp. of Sydney, having offered to buy the assets.

Southern Pacific Transportation Co., which has cut 3,000 employees in the last year, announced plans to eliminate another 10,000 over the next few years through attrition and buy-out plans to be negotiated

with the San Francisco-based railroad's 15 unions.

Volvo of North America, a unit of AB Volvo of Sweden, said it expects sales volume to climb between 15 and 20 percent this year, from estimated sales of \$1.5 billion in 1984, because of more expensive models.

Whitbread PLC said the second half of its 1985/86 financial year, ending March, began well, with warm weather helping the British beer trade.

Zayne Corp., a fast-growing retailer with stores mostly in the eastern United States, reached a tentative agreement to acquire HomeClub Inc., a home-improvement discount chain, in a stock transaction valued at about \$151 million.

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Hermes: Consummate Craftsmanship

Jean-Louis Dumas-Hermes, President

Since Hermes was founded in 1837, its reputation has spread around the world as if by magic, the messenger of the gods, had carried it himself. This venerable leathergoods firm on the Faubourg Saint-Honore, whose superb silk scarves are worn like a banner of chic by some of the world's most elegant women, is more than just a shop; it is an institution. From maharajahs to businessmen, queens to schoolgirls, their international clientele comes in search of the unmistakable quality and incomparable craftsmanship that are the common denominators of each Hermes product.

"Hermes has outlasted kings, emperors and republics, survived industrial revolutions and the age of plastic with harnessed travellers who no longer have time to look after their luggage," says Jean-Louis Dumas-Hermes, fifth generation of the founding family and Hermes president since 1978. "And we have done it by an insistence on quality."

In the ateliers above the shop, dedicated craftsmen use the same tools and same gestures as their predecessors at the turn of the century as they craft the splendid leathers to the same impeccable standards. In Lyon, where Hermes, as the largest silk producer, weaves the silk for its famous scarves and ties and does its own screen printing, the Hermes silk is still washed in Rhone river water with first pressing olive oil soap. In Switzerland, they make their own warches; in Limoges, their own porcelain and in Normandy, they blend their own perfume.

Established by harness maker Thierry Hermes, the company turned to making saddles and with the advent of the automobile added sport, hunting and travelling accessories. When one customer complained that her horse was better dressed than she, Hermes responded by creating a couture line. The silk scarf, introduced in 1938, is a legend all by itself. More than 250,000 are sold each year as are 300,000 silk neckties. Recently new lines of household linens and porcelain dinnerware have been added. "In the 19th century, one's image compared well-groomed horses and superbly liveried carriages," says Dumas-Hermes. "Today your elegance is measured by the several yards of fabric you wear, your fragrance and your home."

Consolidation, then expansion, has always been an important Hermes tenet. "For the last four years, Hermes has shown strong growth, as much in profits as in volume," says Dumas-Hermes. World turnover of \$100 million is divided between perfume, 30 percent, silk items, 30 percent, leather goods, 22 percent and 18 percent split between ready-to-wear, linens, jewelry, etc. With foreign sales now accounting for 50 percent of turnover, the company is concentrating on expansion abroad. New stores open this fall in the United States in Dallas and in Japan at Takashimaya.

As their 150th anniversary approaches, Hermes continues to celebrate the "forgotten" senses of touch and smell with the caress of cashmere, the perfumed scent of beautiful leathers, the smooth touch of burnished silver and the heady fragrance of the Parfums d'Hermes.

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## Dollar Gains in Europe on GNP Data

72	76%	75%	75%	-	u = new yearly high.
70	74%	74%	74%	-	v = trading range.
68	72%	72%	72%	+	w = a bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
66	70%	70%	70%	+	
64	68%	67%	67%	+	wd = when distributed.
62	66%	66%	66%	+	wi = when issued.
60	64%	64%	64%	+	wx = with warrants.
58	62%	62%	62%	+	xe = ex-dividend or ex-rights.
56	60%	60%	60%	+	
54	58%	58%	58%	+	
52	56%	56%	56%	+	
50	54%	54%	54%	+	
48	52%	52%	52%	+	
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-66	-62%	-62%	-62%	+	
-68	-64%	-64%	-64%	+	
-70	-66%	-66%	-66%	+	
-72	-68%	-68%	-68%	+	
-74	-70%	-70%	-70%	+	
-76	-72%	-72%	-72%	+	
-78	-74%	-74%	-74%	+	
-80	-76%	-76%	-76%	+	
-82	-78%	-78%	-78%	+	
-84	-80%	-80%	-80%	+	
-86	-82%	-82%	-82%	+	
-88	-84%	-84%	-84%	+	
-90	-86%				

Sales figures are unaffected. Yearly highs and lows reflect the previous 52 weeks since the current value, but not the latest value. The split or stock dividend amounting to 5% percent or more has been paid, the year's high-low range and the latest closing price are new stock only. Unless otherwise noted, rates of dividends are annual distributions based on:

- a — dividend *as is* (correct)
- b — dividend *as is* divided by stock dividend
- c — liquidating dividend
- d — call
- e — new yearly low
- f — dividend declared or paid in preceding 12 months
- g — dividend in Canadian funds, subject to 15% non-residence
- h — dividend declared after split-up or stock dividend
- i — dividend paid this year, omitted, deferred, or no action
- j — dividend declared or paid this year, on assumption
- k — dividend *as is* divided by stock dividend
- n — new stock in the past 52 weeks. The high-low range begins with the first stock sale
- nc — next day delivery
- nz — the start of trading
- o — new business
- r — dividend declared or paid in preceding 12 months, plus dividend
- s — track split. Dividends begin with date of split.
- t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
- u — dividend in U.S. dollars
- v — trading range
- w — dividend in foreign or convertible or being reorganized under the Bankruptcy Act, or securities assumed by such companies
- wt — when distributed
- wtm — when issued
- wtw — with warrants
- wtw — with warrants, rights, and options
- ads — ex-distribution
- ex — ex-dividend
- v — ex-dividend and sales in full
- wtw — sales in full







## SPORTS

## For College Basketball, Post-Ewing Prospects of Parity

By William C. Rhoden

NEW YORK — For all its championship drama last April, the 1984-85 college basketball season was dominated by super players on super teams in super conferences.

The Big East and the Atlantic Coast Conference placed four teams each in the final 16 of the national tournament, and the Southeastern Conference sent three. The semifinals featured three Big East teams and a star-studded Big East graduate class: Patrick Ewing of Georgetown, Chris Mullin and Bill Wennington of St. John's and Ed Pinckney of Villanova, the eventual national champion.

This season, the scene is completely changed. No other teams return, and no super players who tower above the rest, as Ewing did the previous three years, and Ralph Sampson did before him. But consensus

## COLLEGE BASKETBALL PREVIEW

The 1985-86 college basketball season, from top to bottom, the 1985-86 campaign could be among the most competitive in recent history.

There is a unusual set of circumstances this year, the strangest I can remember since I've been involved in college basketball," said Billy Packer, the broadcaster who played and coached basketball in the ACC.

"Ever since I can remember, there has always been at least two consensus all-Americans returning — sometimes three or four. This season you don't have any, and normally that would lead people to think there's a drought. But this year you have more good teams than there have been in recent memory. Teams that really don't have any weaknesses, and that can only be better than expected, not worse."

For the first time since the ACC, the Big East and the Big Ten have been the dominant conferences, with occasional challenges by the SEC, Metro and Southwest Conference.

This season, the balance of power will shift — some say it will simply return — from the Big East to the ACC. The ACC enjoyed a phenomenal recruiting year, gleaming a number of blue-chippers from Big East territory. The conference boasts three exceptional teams in Georgia Tech, North Carolina and Duke.

The Big Ten, with Michigan and Illinois, is also strong, and the Big Eight has some of the nation's best big men in 7-foot-1 (26-meter) Greg Dilling and 6-11 Danny Manning of Kansas, and 6-11 Dwyane Johnson of Nebraska (23.6 points, 11.6 rebounds and a Division I-leading 64.6 percent from the floor). But those leagues lack the top-to-bottom strength.

## THE COACHES

There are 35 new head coaches in Division I. That represents a 19.4 percent turnover rate, the highest since 1979 (20.6). The turnover rate is also a sharp contrast to 1984-1985 when it stood at 9.2 percent.

Two of the most prominent coaching shifts involved schools with rabid basketball followings — Kentucky and Arkansas. After 11 seasons and nine straight NCAA tournament appearances, Eddie Sutton left Arkansas to become coach at Kentucky. Sutton's replacement at Arkansas is Nolan Richardson, the former coach at Tulsa who becomes the first black coach in the Southwest Conference.

Two other coaches will be experiencing pressure of heading up a favorite. Jim Boheim of Syracuse and Bobby Cremins of Georgia Tech have been picked to win the Big East and ACC, respectively.

For the last four seasons, Big East teams have scrambled to see who could upset Georgetown. This year, with everyone more or less in the hunt, the onus has been put on Syracuse, which returns all but one starter and two standouts in Dwyane Washington and Rafael Addison. "I'm happy we're rated high," Boheim said. "We're better than we were last year. But on the other hand, the league is much more balanced."

Cremins has seen his program go from basement to ceiling in four seasons. "My own expectations," he said, "are usually tougher than the media's and fans'. This is the first time since I've been coaching that other people's expectations are higher than mine. I just don't know if we can live up to them."

No matter how a coach handles the pressure to win, one thing is certain: It won't go away. Last season, after coaching Jacksonville to an upset victory over Alabama-Birmingham, Bob Weinstock went to a hospital complaining of severe headaches. Doctors detected a rupture of a blood vessel at the base of his spine. Emergency surgery was successful, although Weinstock, 35, missed the rest of the season. Now, he's back.

"I guess I would be more interesting if I said I'd become a Buddhist Monk, but my thinking hasn't really changed," he said. "I think I appreciate things more, and small problems don't bother me as much. But I can't say that because of brain surgery I feel like a game is just a game. It's not like that. There's been no change in my intensity, my desire to win."

## THE PLAYERS

There may not be a Ewing, but Kenny Walker might come close enough. Last season, the 6-8 forward virtually carried Kentucky into the national tournament and surprise victories over Washington and Nevada-Las Vegas. He averaged 22.9 points and 10.2 rebounds a game last year, while shooting 55.9 percent from the field and 76.8 percent from the foul line.

David Robinson, Navy's 6-11 center, will be among the nation's premier big men, as will Roy Tarpley of Michigan, also 6-11, and Drelling of Kansas.

Robinson, a junior, marvels at being touted as an all-American, although last year he scored (23.6), shot (64.4 from the floor) and rebounded (11.6) at an amazing clip. "The thing is, I finally got used to my size. It's tough realizing how tall you are, and I had to learn to take advantage of my size. My freshman year I was 6-7, my sophomore year I was 6-9. Now I'm just about at 7 feet. I really haven't caught up to my size yet. I have to keep reminding myself to jump for rebounds, or to block shots and run, really run, down court to maximize my size."

Other talented players will be looking to revive after dropouts or disappointments. Programs that made investments in these blue-chip players three years ago are calling in their debts. Some players for whom 1985-86 ought to be a year of atonement:

Dwyane Washington, Syracuse: Heralded as one of the country's best guards a year ago, Washington had an uneven sophomore season. He averaged 15.4 points and 6.1 assists, but his turnovers were alarming, and he discovered that opponents had found remedies for the Houdini-like moves they found so baffling in 1983-84. Now with maturity, and with a veteran team surrounding him, he could become one of the nation's most effective and exciting players.

Bruce Douglas and Elnor Winters, Illinois: After blazing out of the blocks in 1983-84, Douglas and Winters began to taper off last season. Under pres-

sure, Douglas's shooting touch disappeared in March. The 6-8 Winters was adequate as a boardsman, but was hardly a dominant force.

Chris Westbrook, North Carolina State: Westbrook, a much-heralded 6-11 freshman center, made a major impact. His arrest for stealing an acquaintance's stereo system resulted in his suspension from the team for the season. Obviously, that's not the sort of impact the scouts had in mind. By most accounts Westbrook is a bright, energetic young man with loads of talent. He is ready to play and he has much to prove.

Dellie Comegys, DePaul: He was Mr. Potential in 1983-84 and again last year, when he played erratically and failed to take charge in crucial situations. Comegys, 6-9 and 205 pounds (93 kilograms), must show he is more than a mechanical offensive player whose chief claim to fame is blocking shots.

Milt Wagner, Louisville: Wagner, two seasons ago tabbed as one of the country's brightest guard prospects, broke a foot and sat out last year. His challenge is to come back strong in his final season and lead a young but extremely talented team.

There are some players no longer under the shadows of superstar teammates — but who will have to prove they are really as good as they looked last year.

Two in that category are forwards Reggie Williams and David Wingate of Georgetown. With Ewing drawing a jam to the middle, Williams and Wingate were dangerous perimeter players who hit with regularity from the baseline and also contributed jarring drives to the basket. Now they will attract much of the defensive attention.

Finally, there are some players you will see in March and wonder where they have been. They include:

Jaden Smith, 6-7, guard/forward, Texas-El Paso: Some call him the best athlete at the school since Nate Archibald. An intense, hardworking and exciting player.

Nikita Wilson, 6-8, forward, LSU: Wilson averaged 15 points a game last season and made 58.5 percent of his field-goal attempts.

Carl Golsom, 5-9, guard, Loyola of Chicago: Golsom actually had a brilliant 1984-85 season (second in the nation in assists, averaging 9.2) and is not really a major surprise, except that his eager-shooting teammate, Alfredd Hughes, eclipsed him. Golsom should improve on his 14.8 scoring average.



Harold Pressley, one of few regulars returning for the 1985-86 campaign at Villanova, the defending national champion.

## SCOREBOARD

## Hockey

## NHL Standings

## Wales Conference

## Patrick Division

## Adams Division

## Campbell Conference

## Norris Division

## Smythe Division

## Tuesdays Results

## Transition

## Baseball

## American League

## National League

## Football

## NBA Standings

## Eastern Conference

## Central Division

## Western Conference

## Pacific Division

## Tuesdays Results

## European Soccer

## French First Division

## English First Division

## English Second Division

## English Third Division

## English Fourth Division

## English Fifth Division

## English Sixth Division

## English Seventh Division

## English Eighth Division

## English Ninth Division

## English Tenth Division

## English Eleventh Division

## English Twelfth Division

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